

DOWNTOWN BELOIT HOUSING STUDY

EXECUTIVE SUMMARY

The 2015 housing study was initiated to determine if sufficient demand exists to support additional residential development in and around downtown Beloit, and what type of units are most in demand for various demographic groups. Strong employment growth in recent years have created above average immigration into the Beloit area. As a result, some new hires have identified a lack of entry level and executive housing options as a potentially limiting factor for sustaining future employee recruitment and retention.

Although downtown Beloit has grown as a retail and restaurant destination, representing 10 percent of the City's total consumer spending and 8 percent of all businesses, only 1 percent of the City's residential housing units are located in the downtown. However, growth in employment, retail and restaurant opportunities in the Center City area have garnered additional attention to the area and provide additional amenities which appeal to potential downtown residents.

SUPPLY AND DEMAND

The downtown residential market is comprised of a number of different demographic groups whose individual housing choices are influenced by their household size and income characteristics. Generally, these audiences include:

- Currently under-served markets missing from the downtown and Center City residential base
- Demand created from changing demographics and population growth
- Employment-related demand based on metro-area industry and occupational growth

Potential demand within each of these segments supports the potential to renovate existing or develop new apartment and condominium uses at a variety of price points. The following table summarizes the net number of new units that could be supported by the previously listed groups. Of course, potential demand can only be converted into actual residents if adequate residential units are created to meet the needs of these individuals. Additionally, demand assumptions are based on the relative share of households and employees that are projected for the Beloit area. A change in



Downtown Beloit offers a wide variety of residential options. Despite sustained low vacancy, only 41 new units have been added in the past 27 years, 28 of which are in the newly built Phoenix Building.

Beloit’s relative attractiveness as a place to live and work could result in either a greater or lesser share of potential residents captured within the local market. Additionally, although demand calculations were created based on 2020 demographic and employment projections, it is important to note that prospective residents who own homes in alternate locations may be unwilling or unable to relocate in the near future even if suitable opportunities become available. Indeed, one-third of survey respondents expressing interest in downtown housing indicated that they would be unlikely to relocate to downtown until five or more years in the future.

Summary of Potential 5-Year Downtown Residential Demand

Demand Segment	Net Units Rental Demand	Net Units Ownership Demand
Accommodate Currently Under-Served Downtown Markets	0	274
Changing Demographics & Residential Growth	221	419
Employee Retention & Recruitment	41	63

Ultimately, the presence of unmet demand, improved economic conditions and growth potential provide a climate where it is financially justified to invest in market rate housing within the downtown Beloit market. Using current financial and residential market information, both one and two bedroom units are determined to be financially viable at this time.

CONSUMER DEMAND ELEMENTS

Although market fundamentals support the development of several broad categories of housing to meet demand over the coming years, meeting this demand with specific development requires additional insights on individual preferences related to housing unit size, type and amenities. A 2015 survey of 819 Beloit-area employees was conducted to further explore the nature of demand for downtown residential. The survey found that 296 individuals (36 percent) would consider living in downtown Beloit now or in the future if suitable housing were available. A number of individuals cited a strong preference for shorter commutes and walkable amenities such as coffee shops, parks, trails and cultural attractions. Employees that already live in the greater Beloit area are more likely to be interested in downtown options than those commuting longer distances, with those living in other Beloit metro communities, especially those in Illinois, expressing the greatest interest.

Characteristics of individuals most interested in downtown include:

- Individuals new to the Beloit area (although many long-standing residents see downtown as a potential empty-nester or retirement option)
- Younger individuals (age 40 and under)
- Single individuals, either never married or divorced/separated
- Middle-income households earning \$50,000 to \$90,000 annually

Although prospective downtown residents are slightly more likely to be current renters, they are largely open to either renting or buying a downtown residence, with equal interest in condominium/apartment units, renovated lofts and town home units. Additionally, 70 percent would be interested in a single family home within walking distance to downtown, with many comments indicating that few Center City neighborhoods currently offer quality options.

Of all individuals interested in downtown, roughly half would be interested in relocating in the relatively near term, while the remainder see it as a future opportunity, either based on the need to sell a current residence, presence of children currently in school or other lifestyle factors. Not surprisingly, those preferring to own a unit downtown are more likely to see it as a future opportunity, versus the 48 percent of prospective renters which would be interested in a unit within the next year.

Although many respondents provided positive comments regarding the direction of downtown and recent improvements which make it a desirable place to visit, many (14%) still perceive personal safety and the potential for crime to be a factor which could cause them to look elsewhere.

These results are comparable to those of the 2010 survey, although the 2015 participants included a larger share of younger employees and those new to the Beloit area, which are also populations with strong interest in downtown. Another notable change from 2010 is the increased monthly rent respondents were willing to pay for their ideal unit, which increased from a median of \$700 per month in 2010 to \$1,000 per month in 2015.

PROJECT HISTORY & BACKGROUND

The 2015 housing market analysis represents an update to a 2010 study designed to identify the nature of rental demand for potential housing on a set of identified target development sites. The 2010 analysis, conducted by Baker Tilly, found that despite moderate potential demand for additional rental product, economic conditions were not favorable to new development and that a substantial gap would exist between the rental rates affordable to the identified market and the cost of new construction. The study incorporated a supply and demand analysis coupled with a workforce survey, similar to the analysis provided in this report, although this report does not include either site analysis or property by property competitive set analysis as provided in 2010.

Notable changes in the local market in 2015 that point to a more favorable market than indicated in 2010 include the following:

- Local population growth, a concern in 2010, outperformed expectations by adding an additional 1,587 individuals above and beyond the original 36,219 projection.
- The unemployment rate, at 18.3% in 2010 has declined to 6.4% in 2015, dropping 1.8% in the past 12 months alone. This has resulted in substantially greater disposable incomes and residential mobility.
- The already low vacancy rate (4.0% for market rate units) of 2010 has declined to approximately 3.0% in 2015.
- As vacancies have declined and incomes have risen, rents have increased by an average of 9% on two bedroom units and 24% on one bedroom units, excluding new construction. All Beloit properties included in the 2010 survey with 2015 vacancy are asking a minimum of 3% above 2010 rates for comparable units. Newer properties and smaller units have seen the greatest increase.
- The decline of the Illinois economy relative to the Wisconsin economic climate creates additional opportunities to recruit new businesses and residents.

In order to conduct a broad survey of area employees, the Downtown Beloit City Center Council, working together with the Greater Beloit Economic Development Corporation and the Downtown Beloit Association, coordinated with WEDC and Wisconsin Main Street to identify potential interest in additional housing units or new housing products in Beloit's City Center. In order to determine the market viability of various potential residential products, the survey explored the type of units desired by different demographic groups. The following document summarizes the findings of this survey, which included 819 participants within a wide range of industries and demographic profiles.

EXISTING SUPPLY & DEMAND

The number, type, rental rate and occupancy status for existing owner-occupied and rental units in downtown and Center City Beloit was analyzed to identify areas of strength and weakness in the current residential marketplace. This analysis compared the physical and economic composition of units within the downtown core, the Center City and the City of Beloit to determine if unmet demand exists for units which would be appropriate for downtown development. The downtown core and Center City areas were defined using the boundaries of existing Census Block Group areas. The areas included in these districts, as defined by the Census, are illustrated in the map on the following page. Excluded from this study are Beloit College students, nearly all of whom live on campus and therefore are not considered part of the Beloit housing market.

The boundaries downtown core are closely correlated to the existing boundaries of the Business Improvement District and Beloit College campus, plus the addition of an easterly extension along Turtle Creek. However, the bulk of the geography included in this extension is non-residential in nature, with the exception of the neighborhood comprised by Broad Street and Athletic Avenue. The Center City boundaries include the residential areas immediately adjacent to the core in all directions, plus the areas north of downtown and along the river which are well connected to the core via the regional trail system.

Existing Supply

Downtown and Center City Beloit are home to a wide variety of existing housing units, ranging from upper story live/work and rental units to new construction apartment and condominium properties. The edges of the district include older multi-family rental properties of various sizes as well as single family homes built largely in the latter half of the 1800s.

As would be expected, the Center City area includes nearly four times the residential units as the downtown core, and is home to larger multi-family developments, smaller historic homes and newer suburban style development. It is clear from the following information that the Center City does serve as a transition zone from downtown to more traditional residential areas, as the percent of units dedicated to rental occupancy is roughly halfway in between the downtown and Citywide averages.

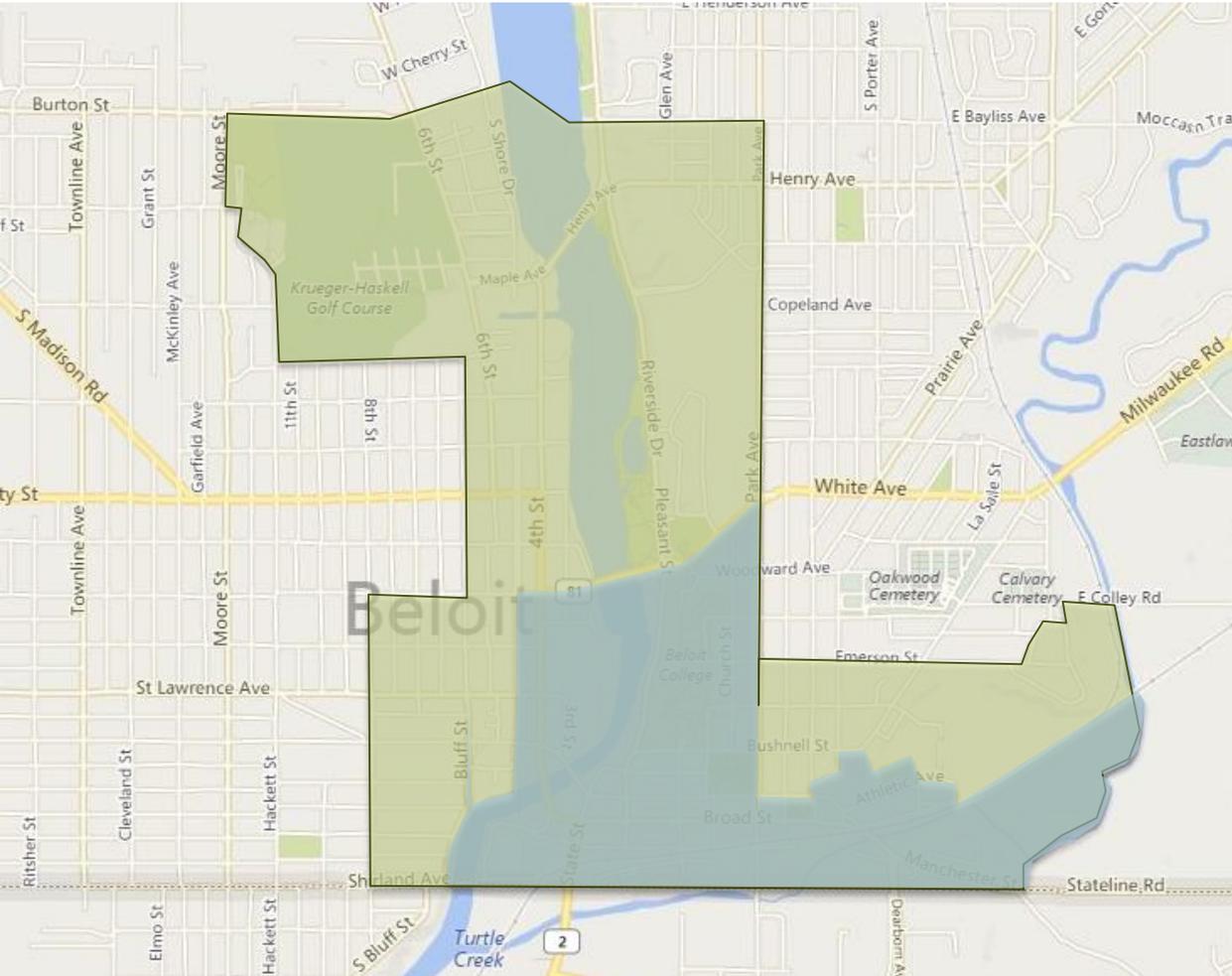
It is also worth noting that the number of residential units in both the downtown core and Center City have declined over time, in contrast to growth in other parts of the city. Part of this decline is due to either conversion or redevelopment of formerly residential properties for commercial use, but may also be influenced by a trend toward abandonment of older units in need of renovation. In fact, one-quarter of all census-identified vacant units in the Center City area are not being marketed for sale or lease. This is especially true in the neighborhoods on the west side of the river where more than one-third of existing residential units were vacant and not being marketed at the time of the 2010 census. In total, 78 units in Center City and 30 units in downtown have been essentially removed from the market.

	Downtown Core			Center City (Excl. DT)			City of Beloit (Excl. Ctr City)		
	Total Units	Percent Vacant	% Rental/ % Owned	Total Units	Percent Vacant	% Rental/ % Owned	Total Units	Percent Vacant	% Rental/ % Owned
2000	724	11.7%	78.8% 21.1%	2,752	10.8%	57.1% 42.9%	10,786	3.3%	51.4% 45.3%
2010	714	16.5%	78.5% 21.5%	2,220	14.4%	62.5% 37.4%	15,177	8.8%	52.9% 38.3%

Source: US Census

In addition to having a higher percentage of rental units, Downtown and Center City also have a higher percentage of affordable and age-restricted units. Downtown is home to 18 percent of income restricted units, with an additional 49 percent of such units in the Center City area (including Section 8, Section 42 and any other designated income restricted unit). For age restricted units (whether or not income is a factor), 23 percent of senior units are in the Downtown, with an additional 49 percent elsewhere in the Center City. These estimates include only units dedicated to providing housing for target populations, and do not reflect the presence of other properties which accept housing vouchers or provide other types of rental assistance. This concentration of non-market units combined with the high visibility of some larger properties in the category has colored the impression of potential renters as to the type of product available in downtown Beloit. Contributing to this perception is the fact that many such units represent older properties that in some cases have not aged well.

Study Area as Defined by Census Tract Block Groups



Center City
 Downtown Core

Note that the above areas are designated based on existing census tracts which approximate the Center City boundaries as closely as possible. While the boundaries do include all of the redevelopment sites, they also include additional areas on the periphery of downtown which are primarily single family neighborhoods and are anticipated to remain such.

Occupancy Characteristics

Residential vacancy information from the Census suggests that 16.5 percent of existing housing units in downtown were vacant at the time of the 2010 census. Sixty-three of the units (9% of all units) were available for rent, with the remaining vacancies in spaces not available or being marketed (often in below-standard conditions). This is unchanged from 2000, when 9 percent of downtown rental units were also vacant, although the number of unutilized residential units increased during the decade from 12 to 30.

Age of Residents by Geography (Census 2010)



As shown in the graph above, the downtown core provides a critical section of the under 35 and 65 and over population with suitable housing options. Currently, the smallest segment of the downtown population is households headed by individuals aged 35-44. Based on the responses to the housing demand survey, there is substantial demand from this demographic group for downtown housing. However, individuals in this age group most interested in downtown desire higher quality rental units and/or ownership options that are currently not available in the marketplace. In fact, the table below indicates that 30-39 year old households located in downtown in fact are purchasing homes at a rate higher than in the City as a whole, but minimal ownership options limits the number of these households attracted to the area.

Demographic Segment	Citywide Ownership Rate	Center City Ownership Rate (Excl. DT)	Downtown Ownership Rate	Potential Unit Shortfall (Owner-occupied)
Age 20-29	33.9%	8.0%	8.7%	27
Age 30-39	51.9%	23.8%	59.0%	54
Age 40-49	61.3%	36.7%	25.1%	36
Age 50-59	73.9%	42.3%	27.8%	57
Age 60-64	73.9%	54.1%	22.0%	26
Age 65+	71.8%	52.5%	20.7%	74

While there are clear areas to attract additional households in the above age groups by providing owner occupied housing currently missing in the marketplace, the rental market is much better served by the current unit mix. Although the 2012 census identifies 50 percent of City renters paying more than 35% of their income for rent, detailed demographic data from ESRI identifies roughly 530 households which fall below the \$58,600 County median and 57 households earning more than this amount. Based on this information, there is some evidence that as many as 95 additional households could benefit by the addition of more affordable units. However, given the household income growth in the past five years, it is likely that some of the households previously earning below median income are now able to afford the market rate units (as evidenced by the fact that these units are experiencing significant demand). As a result, there is no specific existing population base that can be identified as currently under served in the downtown market.

Projected Residential Growth

In addition to the potential to meet the shortfall in existing unit demand based on current housing type preferences, Beloit's population is expected to increase by 1.1 percent in the next five years, adding 164 new households. The Beloit MSA (Rock County) area is expected to gain an additional 551 households at the metro level. If downtown Beloit were to attract its market share of these new households, it would create demand for an additional 30 units of downtown housing.

Residential & Demographic Generators

Moving forward, population growth coupled with changing demographics suggests a need for a shift in the unit mix required to retain and support the current population. The following table applies the anticipated household growth or decline within each age segment to the existing rental/ownership ratios for these age cohorts. The resulting information shows that there will be slightly increasing demand for sale and rental units catering to younger households, as well as substantial growth in the over-65 market. Although to some extent existing housing units may be renovated to meet the needs of new population groups (i.e. older units which have depreciated to be affordable to younger households), in other cases new development may be required in order to retain individuals within the community (such as in the case of older adults in need of single-level or accessible units). In either case, general population trends which result in smaller household size and an aging population create a net increase in demand for 419 new owner occupied units and 221 rental units.

Although not evident in this table, a substantial number of older households are included in the future rental demand projections as they often transition to renting during later years (including senior apartments and/or care facilities). This transition generally begins to occur as individuals reach the age of 75. In the City of Beloit, 31 percent of households aged 75-85 are currently renting.

Change in Housing Demand Resulting From Demographic Shifts

	Citywide Household Growth/ Decline	Citywide Change in Owner Occupied Unit	Citywide Change in Rental Unit
Households age 20-29	144	49	95
Households age 30-39	-21	-11	-10
Households age 40-49	-96	-59	-37
Households age 50-59	-94	-69	-24
Households age 60-64	100	74	26
Households age 65+	606	435	171

Source: US Census 2010, Applied Geographics 2014

Employment Generators

Currently, Beloit businesses attract employees from a broad geographic area, generally spanning the Madison, Milwaukee and Chicago metropolitan areas, although 60 percent travel from within Rock County and an additional 15 percent from Winnebago County, Illinois. A significant percentage of local employers have plans to expand their workforce in the next year and beyond, some of which will result in the recruitment of new employees to the region. According to Economic Modeling Statistics International (EMSI), Rock County employers are expected to add a net 3,808 new positions in the next five years, for an employment gain of 4.7 percent. In the City of Beloit alone, a survey of major employers identified 540 likely new jobs added within the next two years. Based on current commuting patterns, 30.7 percent of new employees can be expected to live within the City, creating 455 new households, 31 of which would be likely to prefer a downtown location. Using only local projections, downtown demand as a result of job growth could be as high as 50 new households over this period.

Looking further to the future, there are other populations which have the potential to create additional downtown housing demand if suitable product becomes available. For instance, of the 15,027 employees currently working in the City of Beloit, 2,270 of these travel more than 50 miles each direction to work, and an additional 1,175 workers travel 25-50 miles. If only a small percentage of these individuals would prefer closer housing options, if available, this could create potential demand for 73 units of suitable downtown housing. Additionally, 4,669 workers (5.9%) in the Janesville/Beloit metro area (Rock County) are currently over the age of 65 and will need to be replaced in the next decade, creating additional demand for housing by incoming workers.

Supportable Rents

Of course, the amount of rent which is affordable to potential tenants varies depending on household income. For simplicity, there are three potential target markets which should be considered; downtown employees, regional young professionals, single executives and empty nesters.

Downtown employees include those workers that are already employed in the downtown area and who may benefit from housing options that allow them to reduce transportation costs by walking to work. This category includes local business owners that may choose to live adjacent to their place of business as well as to staff at downtown businesses. Information from the ReferenceUSA and EMSI illustrate that the largest current employee groups in downtown include retail and personal services (26%), government (19%) and education (17%). The average monthly earnings for these groups range from \$1,510 for retail workers to \$3,148 for teachers and other education professionals. Although higher wages supported by government and education jobs may allow these employees more flexibility in housing options, the 827 retail and service workers, on average, require housing costing less than \$450 per month to be considered affordable.

Young professionals working throughout the Beloit area seek out downtown housing for its proximity to nightlife and entertainment. Perhaps because they do not work downtown, they appreciate the ability to walk from home to dining and entertainment uses, even while commuting daily to work. These individuals tend to prefer units with additional lifestyle amenities and value unique architecture and historic elements. Although the average wage of these individuals is necessarily lower than for other groups, their higher than average discretionary income relative to earnings makes them a desirable residential demographic. As indicated in the table above, only 520 younger workers earn more than \$3,333 per month, but an additional 1,245 entry level employees earn \$1,251 to \$3,333 per month. In fact, worker survey results indicate that of those young professionals most interested in downtown, 26 percent have household incomes over \$70,000 per year, and 35 percent earn \$50-\$70,000 annually.

The median hourly earnings in the County in the professional and technical sectors which best represent this demographic is \$39.24. Moreover, growing local demand for individuals in these professions is expected to add 1,259 professional, technical and degreed jobs within the Beloit

Age & Profession of Beloit Workers Earning \$3,333 or Greater Per Month (Affordable monthly rent of \$1,000+)

<i>Age of Worker</i>	<i>Number of Workers</i>
<i>Age 29 or younger</i>	<i>520</i>
<i>Age 30-54</i>	<i>3,954</i>
<i>Age 55 or older</i>	<i>1,337</i>

<i>Industry of Worker</i>	<i>Number of Workers</i>
<i>Agriculture & Mining</i>	<i>2</i>
<i>Utilities & Construction</i>	<i>243</i>
<i>Manufacturing & Warehousing</i>	<i>2,219</i>
<i>Education</i>	<i>1,038</i>
<i>Health Care</i>	<i>749</i>
<i>Retail Trade, Entertainment, Services & Accommodation</i>	<i>234</i>
<i>Finance, Information, Insurance, Real Estate & Professional Services</i>	<i>965</i>
<i>Public Administration</i>	<i>276</i>

Source: Economic Census 2012

MSA in the fields of healthcare, education, advanced manufacturing, skilled trades, sales and other professional services through 2020 (EMSI 2015). Thus, roughly 1/3 of the total projected employment growth for the region which will earn annual salaries capable of supporting monthly housing payments in excess of \$2,000 based on HUD standards of affordability which dictate that housing costs not exceed 30 percent of monthly income.

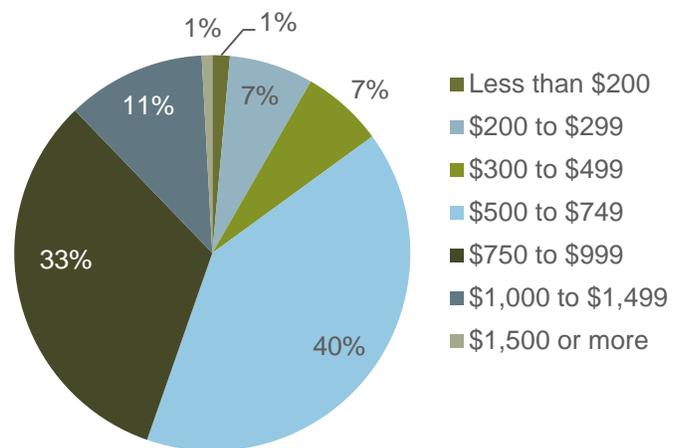
Many urban districts have discovered that downtown living appeals equally to empty nester households seeking convenient access to cultural amenities, dining and nightlife options. These two groups tend to have higher incomes and corresponding housing preferences. Empty nester populations especially represent one of the top purchasers of condominium units (National Association of Realtors). Although this market has slowed in recent years, sales of condominium units are on the rise in urban markets, including Milwaukee and Madison, and smaller projects are beginning to move forward in secondary and tertiary markets. More information on the type of units and amenities preferred by the various demographic groups can be found in the accompanying housing preferences survey report.

Rental Rates and Development Pricing

As of 2013, the median gross rent for apartments within the City of Beloit was \$721. This represents an increase of 5.7 percent over the previous five year period. This increase appears to be largely related to a gradual increase in rents at all levels rather than the result of new construction or owner investment in unit upgrades.

Based on a market survey conducted as part of this survey, the per square foot (PSF) rents for market rate units vary significantly based on the size and condition of the unit, as shown in the following table. In general, downtown per square foot rents are 20-50 percent higher than comparable quality units elsewhere in the City, although few market rate units downtown include 2 and 3 bedroom options. Obviously, income restricted unit rents are based on the income of the resident and therefore not indicative of market forces.

Number of Units by Gross Rental Rate



Source: ACS 2013

Per Square Foot Rents by Unit Size

	1 Bedroom	2 Bedroom	3 Bedroom
Low PSF Rent	\$0.68	\$0.62	\$0.58
High PSF Rent	\$1.64	\$1.35	\$0.89

For owner-occupied units in downtown, the average current assessed value is \$187,488 and ranges from \$158,700 for a historic single family home to \$232,600 for a modern condominium. In contrast, the average assessed value of a rental unit is \$90,340, ranging from a low of \$10,877 for an income restricted dwelling unit or \$11,471 per unit for market rate 1950s studio units to \$216,300 for modern three bedroom units.

Using the above information, we can determine the financial feasibility and any potential income gaps associated with a proposed development in the Center City area. The below investment analysis represents an update from the original 2010 study. Although financial markets have not changed substantially since this period, the improving market has had a marked impact on the viability of new market rate construction in the area. Where in 2010 market rental rates created a \$21-\$41,000 gap per unit for new construction, today's improved market results in a per unit net profit for both one and two bedroom units. Although construction costs to create high-amenity units may be higher than the figure used in the analysis, utilizing historic tax credits or other tools can help address these cost items while still creating a profit incentive for developers.

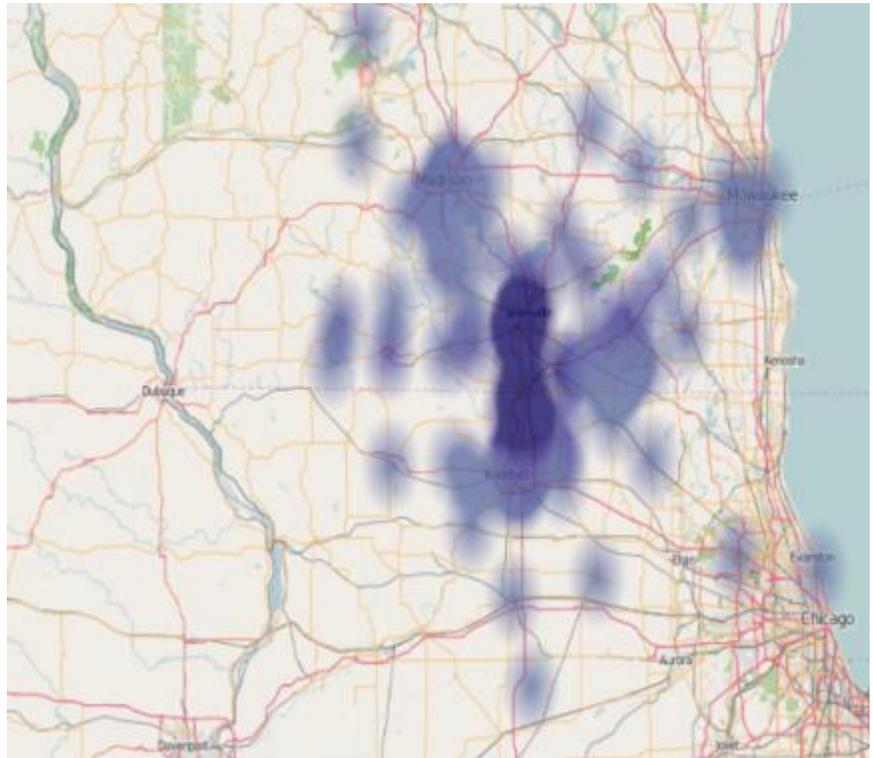
Justified Investment Analysis: Center City Beloit Rental Housing

	One Bedroom	Two Bedroom
Estimated Market Rents	\$1,056	\$1,452
Vacancy Factor	5%	5%
Realizable Rents	\$1,003	\$1,379
Operating Expenses (35%)	(\$351)	(\$483)
Operating Income per Unit/Month	\$652	\$897
12 Months	\$7,825	\$10,759
Debt Coverage Ratio	1.25	1.25
Cash Available for Debt Service	\$6,260	\$8,607
Debt Service Constant	8.10%	8.10%
Justified Mortgage	\$77,284	\$106,265
Justified Equity (10% return)	\$8,000	\$11,000
Justified Investment	\$85,284	\$117,265
Anticipated Per Unit Cost (\$85 per SF)	(\$80,000)	(\$110,000)
Estimated Profit/Gap per Unit	\$5,284	\$7,265

SURVEY RESULTS

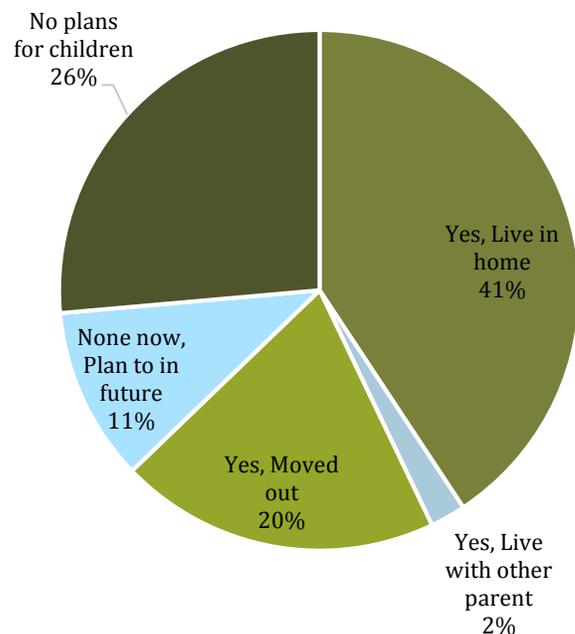
Profile of Respondents

While the vast majority (91%) of respondents work in the 53511 zip code and the remainder in the surrounding Beloit area, the residential locations of respondents cover a much larger geographic area. As shown on the map to the right, just over half of respondents live within the 53511 zip code, with an additional 25 percent traveling from the area encompassed by Janesville, Rockton, Roscoe or South Beloit. However, employees also travel from as far away as Madison, Milwaukee and the Chicago suburbs. Interestingly, the individuals most open to relocating to a downtown Beloit location are those currently residing in these adjacent communities, rather than those that live greater distances from the City. Many of the extended commuters indicated in survey comments that they prefer rural living or choose their location based on partner work locations, making them unlikely candidates for downtown Beloit living.



Of those respondents that live in the greater Beloit area, 11 percent are relatively new to the area, having lived in the Beloit metro for five or fewer years. An additional 12 percent have lived in the metro longer than 5 but less than 10 years. The vast majority (72%) have lived in the area for more than 10 years. Respondents skewed female over male, 72 percent to 28 percent, even in responses from companies that have an equitable or even male-oriented environment. The graphs on the following pages illustrate the demographic and household status of these respondents.

Households by Presence of Children

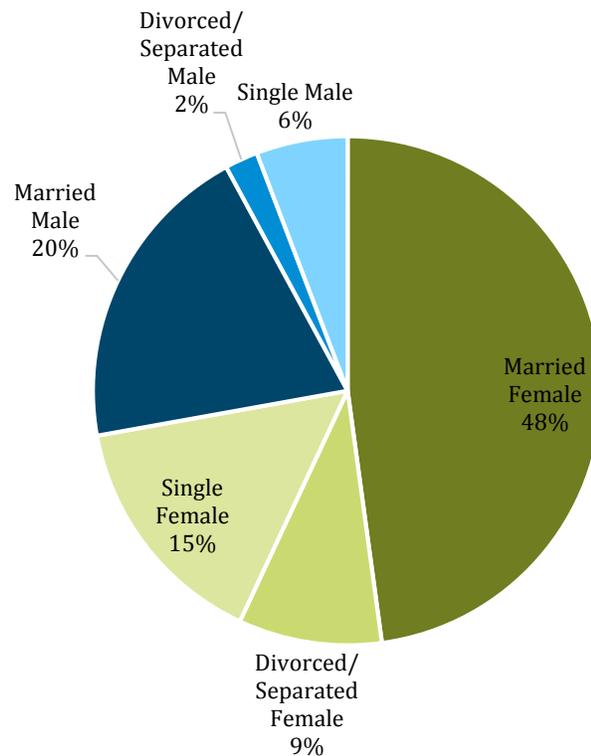


A strong majority (83%) live in a single family home. This is comparable to the previous survey, but higher than the total metro population, where only 74 percent are reported living in a single family dwelling. While not surprising, given the prevalence of single family living, 80 percent of respondents report owning their home rather than renting. Again, this is a higher percentage than the overall 71 percent ownership rate in the metro area. Additionally, 5 percent of respondents live with other family or friends.

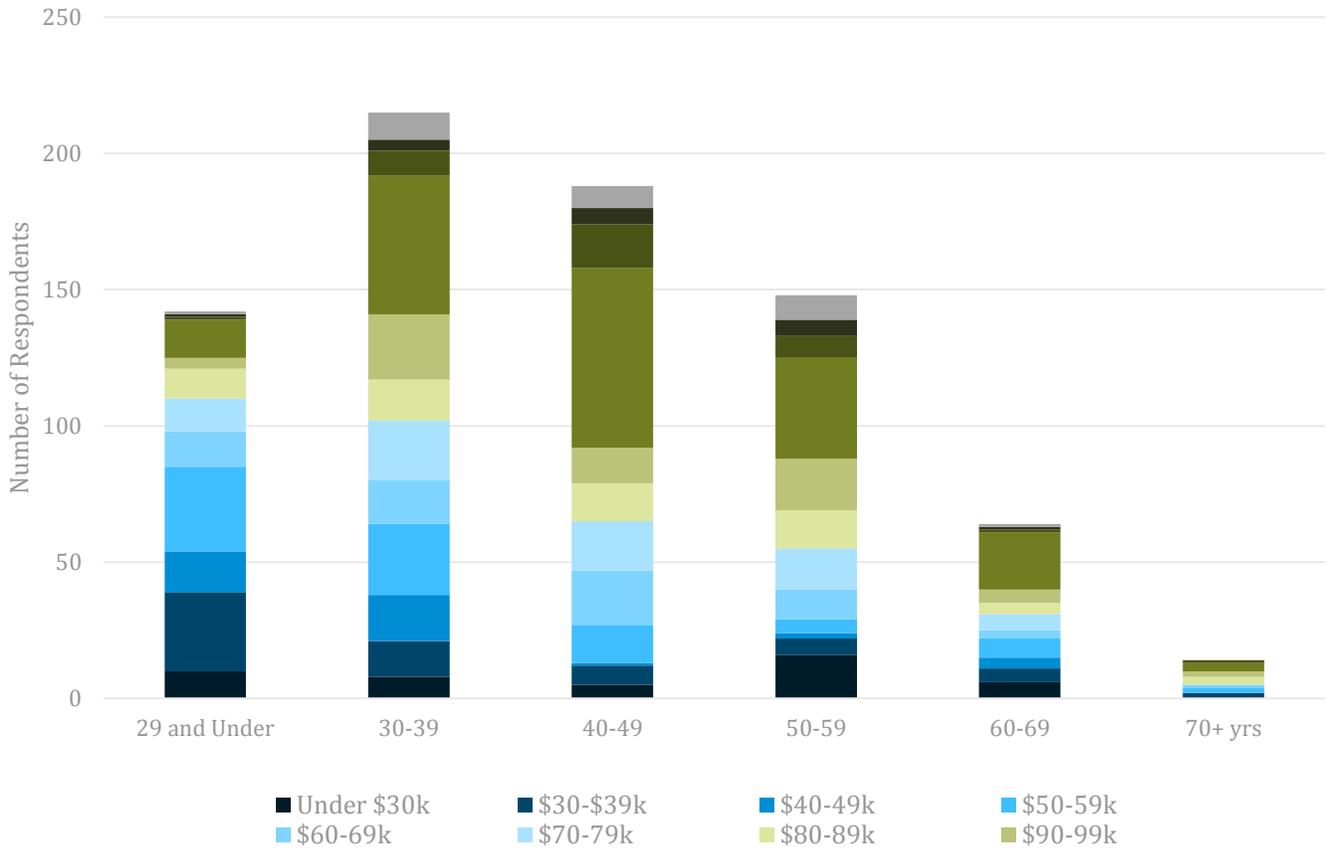
The average renter pays a base rent of \$784 per month, plus an additional \$128 in utilities and \$93 in communications costs per month. In contrast, homeowners pay an average of \$1,594 per month in base mortgage, plus \$223 in utilities and \$145 per month in communications costs. This is 24 percent higher than the metro average mortgage and 5.5 percent higher than the average rental rate. The amount of current rent or mortgage is generally consistent with household income, with the exception of households earning under \$30,000 annually, which pay an average of \$736 per month in mortgage, which is higher than the average for both the \$30-\$39k and \$40-\$49k earners. This is likely partially due to the presence of younger households (fewer other costs and greater income growth prospects) and older households (older mortgages). In all other segments of owners, each additional \$10,000 in household income equates to a 7-10 percent increase in monthly mortgage costs.

In contrast, higher income renting households do not necessarily pay more for their units, with the exception of households with incomes over \$175,000, which pay an average of \$1,850 per month (typically for single family homes). For other income groups the rental range is relatively condensed, ranging from \$655 (households up to \$40,000 annually) to \$965 (households up to \$90,000 annually). For each additional \$10,000 in household income, average base rent increases by only 1-3 percent. It is unclear if this is due to limited product options at higher incomes, or to the fact that more households that are renting see it as a temporary phase and/or may be saving up money for a future housing purchase. When comparing current rental spending to the amount households indicated they were willing to pay for a desired unit, an average of half of all respondents in households earning between \$40,000 and \$80,000 annually indicated that they would be willing to pay more than they are currently spending for suitable housing. This mirrors many of the write in comments by individuals seeking moderately priced market rate apartments with modern amenities in the downtown area. The bulk of households in this price range are currently paying between \$720 and \$790 per month and most would be willing to pay \$800-\$1,000 per month (and in 18 percent of cases \$1,000 to \$1,400 per month) for units better suited to their lifestyle.

Respondent Demographics



Respondents by Age & Household Income



Housing Preferences

Given the strong existing base of homeowners, it is not surprising that 83 percent of respondents identified single family homes as their ideal residence type. The second most desired type of residential unit was a renovated loft in a historic building – 4 percent of respondents selected this option. Condominiums with ample amenities also attracted 4% of the vote, with 3 percent of respondents unsure and 2 percent each favoring amenity-rich apartments or town home style units.

The size and amenities desired in units varies by the type of unit preferred as well as by the age of respondent. The table below highlights the size preferences associated with various residential unit options. Logically, those seeking basic apartments have smaller size expectations, while those seeking single family homes desire the largest units. The maximum rent that individuals were willing to pay for these units was also commensurate with size and amenity requirements, with respondents seeking basic apartments willing to pay an average of \$628 per month while single family home owners would pay \$1,109 as a monthly mortgage. One notable difference is that those desiring a renovated loft unit would be willing to pay \$1,103 per month, which is the second highest overall amount, only \$6 per month less than single family home payments.

Unit Type	Average Ideal # of Bedrooms	Average Ideal # of Bathrooms
Apartment with Amenities	1.8	1.6
Basic Apartment	1.5	1.2
Condo with Amenities	2.5	2.1
Renovated Loft	2.5	1.9
Town Home	2.4	1.9
Single Family Home	3.2	2.3

Because the questions asked about ideal housing types, respondents identified amenities that would be preferred regardless of the type of housing or price point desired. As a result, those amenities which ranked highly did so regardless of income or property type, although certain demographic groups preferred certain types of amenities over others based on lifestyle stage.

Although analysis of survey responses was primarily focused on individuals potentially interested in product which could be incorporated into downtown, it should be noted that a large percentage of respondents (81%), including those interested in living close to downtown (70%) still prefer a single family home as their primary residence. However, as noted in the comments of many respondents, many of the downtown-adjacent neighborhoods in Beloit do not meet other criteria such as home size, clean and landscaped neighborhood, and many older homes would also require substantial funds to appropriately renovate them to meet modern demands.

Profile of Prospective Downtown Residents

A wide array of respondents expressed interest in downtown Beloit housing options. Twenty seven percent of all respondents would consider a residential option in downtown Beloit. 18.4 percent would definitely or probably consider renting downtown, and 26.7 percent would consider purchasing (individuals could select both options as feasible).

Males had a stronger preference for downtown living, with 41 percent of male respondents indicating that they would consider a downtown residence, versus only 30 percent of females. Because of the larger percent of female respondents overall, a more balanced survey would likely result in even stronger preference for downtown residential options over other locations.

As indicated above, prospective downtown residents are divided into those that prefer renting and potential buyers. Within the realm of all individuals potentially interested in downtown, most were equally open to renting or purchasing, with 67 percent willing to consider renting and 72 percent willing to consider purchasing. Although many individuals were open to either option, there were significant differences among those that preferred renting versus those that more strongly preferred ownership, as indicated in the prospective tenant profiles below.

Typical Prospective Buyer

- Single (never married or divorced)
- No children, teenage children at home or older children that have left home
- Age 30-60
- Household Income \$50-\$90,000 per year
- Prefer renovated lofts (36%) or condominium with amenities (28%)
- Looking for larger units with 3 or more bedrooms (84%) and 2-2.5 bathrooms,
- Interested in locating near libraries, educational opportunities, parks and cultural institutions,
- Variety of price points sought, although 23% anticipate spending \$1,000 to \$1,200 per month on a mortgage, 20% \$800-\$1,000 per month and 12% \$1,200 to \$1,400 per month,
- Unlikely to pursue rental options,
- Unit & building amenities are more important to this group than any other cohort,
- Although 45% would consider relocating in the near future if product was available, 14% of buyers see downtown as a retirement living destination 10 years or more in the future.

Typical Prospective Renter

- New to the community or at a transitional life stage (i.e. to empty nesters)
- Currently renting or looking to downsize from a home
- Single or dating either with no plans for children or grown children
- Under age 30 or over age 60
- Earn \$40-\$50,000 per year and willing to spend \$600-\$800 (37%) or \$800-\$1,000 (26%) per month for rent. Loft seekers are willing to pay more than those preferring apartments.
- May also explore purchase opportunities,
- Prefer a multi-unit building with amenities (44%) or renovated loft spaces (18%)
- 32% seek two bed 1.5 bath units, 44% seek 3 bed 2 bath units,
- Older residents require greater amenities in a unit, especially fireplaces and patios. Younger renters prioritize garage and green space (56% have pets).
- Interested in locating near casual dining, coffee shops and fitness facilities.

The tenant profiles highlight some of the differences among prospective renters and buyers, but there are many other characteristics which are common to individuals demonstrating a preference for downtown living. These include:

- More likely to be new to the Beloit area (26% versus 11% of all respondents)
- More likely to be open to renting (17% versus 9%), as well as to other multi-family residential options
- More likely to be younger (46% of under 30 year olds and 36% of under 40 year olds)
- More likely to be middle-income (more than 45% of those earning \$50-\$90,000/year)
- Value neighborhood amenities and walkability more highly than unit/building amenities

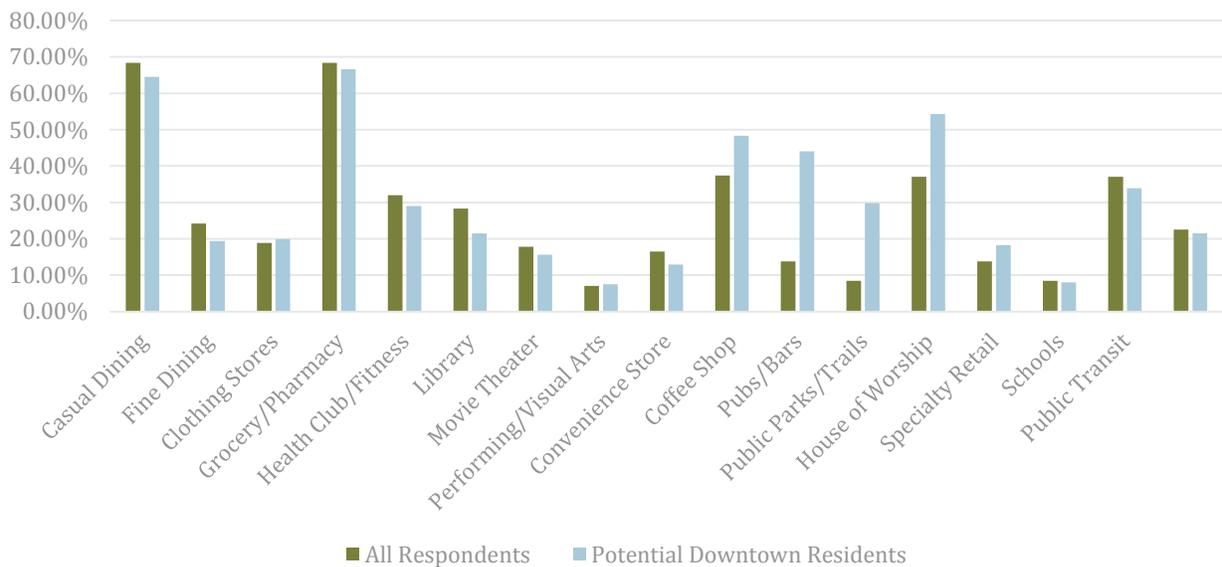
Although some of the prospective downtown residents represent future relocation opportunities (i.e. upon retirement, once children are out of school, etc.), 188 individuals expressed interest in downtown living and indicated that they would be willing to relocate within the next year if housing were available. While by and large this population is a cross section of all interested individuals, there are a few distinguishing characteristics of this population, such as:

- More likely to value proximity to work over all other decision factors
- Either be new to the City or approaching a change in life stage (retirement, empty nester)
- Currently renting
- Significantly more likely to be single (never married)
- Twice as likely to be under age 30 and earning an average of \$50,000 per year
- Twice as likely to favor renovated lofts as a top residence choice, tied with high amenity apartments. 52 percent still plan to purchase a single family home at some point in the future (significantly less than the overall 82%).

Decision Factors

Although size and amenities of the unit and building are primary factors which determine whether an individual will be interested in a particular residential product, there are a number of other factors external to the project which can also heavily influence the ultimate decision to purchase or rent. The survey explored the degree to which these external amenities are considered key to a future location decision. The results of this question for both the entire survey group as well as for those individuals with potential interest in downtown living are illustrated in the graph below. Coffee shops, parks, trails and houses of worship all rated as

Relevance of Adjacent Amenities



higher priorities among potential downtown residents than with the audience as a whole. Most other amenities are of equal priority for respondents no matter what type of residence they are considering. By age group there are also some strong preference trends. For instance, older adults (60+) are far more likely to look for public transit, arts and culture and movie theaters in proximity to their residents. Younger households (under 40) are far more likely to be attracted to neighborhoods with pubs and bars, fine dining options and health and fitness facilities.

In addition to the specific amenities listed in the survey, respondents were asked to identify the biggest factors influencing consideration of a residential location. One quarter of respondents elected to respond to this question. When grouped by topic, the number one consideration for all groups was crime and safety in the surrounding neighborhood (14%). Distance to work and

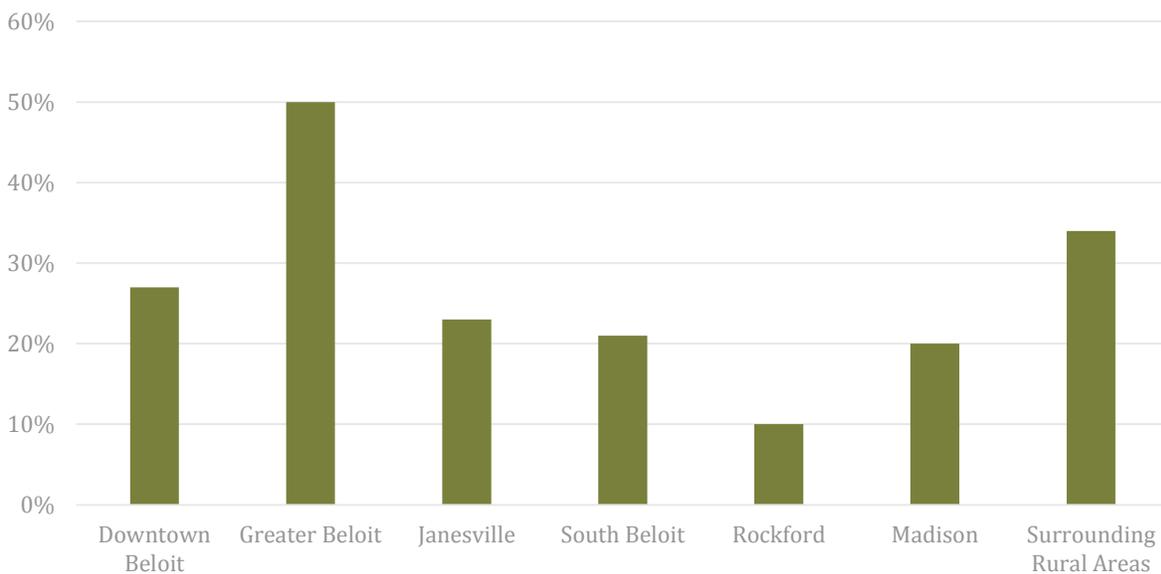
schools were also strong factors with 10 percent and 9 percent of responses respectively. Other common responses are indicated in the following table.

Decision Factor	% Responding
Crime/Safety	14%
Distance to Work	10%
School System	9%
Lifestyle/Culture/Amenities	8%
Rural Character/Privacy	7%
Family Location	6%

The only areas which differed among groups included distance to work, which was more than twice as important to those looking to relocate in the next year, buyers are more concerned with the quality of schools than other groups as well as walkability and the presence of trails and parks (at the expense of commuting), renters were three times as likely to consider affordability as a primary factor, and those interested in downtown living are twice as interested in neighborhood culture and lifestyle.

Respondents were also able to identify other nearby communities which they would be willing to consider relocating for a desirable unit. There was no discernable difference in the relative attractiveness of the communities by age, housing preference or level of interest in downtown living. Favorability rankings were fairly consistent among all groups, with a strong preference for Beloit over all other areas, as shown in the chart below. Not surprisingly, those preferring rural areas were generally exclusive of those preferring a downtown Beloit location, although overlap

Percent Willing to Relocate by Community



existing between all other groups. In the written comments section, many people expressed a commitment to Beloit, and an additional common theme was a preference for Wisconsin over Illinois residential options.

Comments

A number of individuals took the time to provide additional insights into their responses to the survey. A representative sample of these comments is provided below.

Downtown Beloit does not have houses that would appeal to most professionals. For people looking to have kids, the school system is very poor. Of the surrounding area, Rockton has the best schools as well as ample amounts of land with convenience of the nearby town. Housing prices in the Beloit to Rockford area are very cheap compared to what I am used to. My future plan involves moving in approximately 5 years and purchasing a 2.5-3k sq. ft. home and renovating to suit my taste and needs. Most homes in the area are outdated and need a lot of work, but can easily be done due to the housing costs. There are some recently renovated houses in the surrounding area that fall within a reasonable price range for square footage, but either the area, amount of land, or other traits are not right. This area does have plenty of opportunity for future home owners though.

Bringing in more reputable rental agencies to the Stateline area will go a long way towards improving quality of life here. At the moment there are rental properties that are charging reality defying rent and on the other end you have very, very low rent situations. There needs to be more stability with more middle of the road options to help ensure quality of dwelling at realistic price points.

I feel that there are not a lot of housing for young professionals. There is either Gateway or Hawk's Ridge... but aside from those options... it seems slim picking.

I have seen major improvements in the downtown area of Beloit. These improvements have made me open to possibly moving to Beloit.

Beloit has a bad reputation, unfair in my opinion. There seem to be plenty of good residential areas, many of which are in walking distance of downtown. The problem is that there is nothing to attract you to downtown. No nightlife as such including good bars or restaurants & there's no retail shopping. It's a kind of soulless place like many of the other local towns & cities. The only place that has any character & life is Lake Geneva!

I already HAVE the ideal house. Perfect spot, close to downtown. It was cheap too. Took a lot of work to transform but it is just the way we want it.

When we relocated to the area from Minneapolis, we looked at homes in Beloit but found that the selection didn't match the quality of the downtown. There were more nice restaurants and walking areas than Janesville but the houses available for purchase weren't as nice or plentiful and the neighborhoods didn't seem as put together as the ones we looked at in Janesville. We probably aren't going to move at this point but we would have preferred to be in Beloit vs Janesville, although the private/parochial school options don't seem as strong in Beloit.

I currently live in the downtown and would like something similar, but at a more affordable price point. I prefer facilities that are pet friendly (including dogs up to 55 pounds).

The new places that have been developed in Beloit downtown are very nice but cost too much for the location. If those were in Madison they would be worth that cost, but a lower cost would make them more tempting.

Just moved from Greater Beloit area to Center City. Would like to see public transportation to my place of work from downtown. I would like more of my coworkers to consider moving to the downtown Beloit area and also see more young professionals living there, shopping there, and taking part in downtown events.

Beloit greater area NEEDS at least one- off leash dog park!

As we recruit for new employees in Beloit, they often overlook Beloit because of the lack of executive level housing (options above \$350K).

It would be nice to see some townhomes/Condos with small yards to help make the area look nicer and give options to singles or couples with pets.

In 5 to 10 years I would be looking to down size and a condominium style arrangement might be less work on yard, house, etc. Storage would then be an issue though.

Our family already lives in the heart of Beloit and absolutely love our house. What we don't love is the number rental properties that are in horrible condition that surround us. Running the slum lords out of the Center City and renovating these homes would go a long way to revitalizing the Center City. How these owners are allowed to rent these homes to others is amazing. The disparity between the quality of the homes in the Center City is what deters many from living here. Raising rental and general maintenance standards would go a long way to bringing people back to the Center City.

A bike trail system that allows me to get around town without braving traffic and that connects with other trails around Beloit such as the Peace Trail, the Stone Bridge Trail and the Pelisheck Trail.

Bicycling friendly roads in the neighborhood is very important. Roads need to have dedicated cycle lanes.

Even five years ago when we purchased housing, we turned down options in Rockton, Janesville, etc. in favor of beautiful home in walkable neighborhood in Beloit. For us, the ability to bike downtown and to area parks, college sold us on Center City even though Janesville options would have been more convenient given work/school considerations.

Love the new downtown. Would be a good retirement opportunity for my husband and me to live.

I moved from Madison to Janesville. I looked at 40 homes in Beloit. 40. The cities of Janesville and Beloit both do a lousy job of making people accountable for garbage, cars, overall upkeep. Makes it hard to want to live next door to many places. Nice amenities aside both of these cities need to clean up the neighborhoods with covenants or something that makes slum lords step up and keep their rentals up.

Start developing more of the second floors of some of the downtown buildings. I would love to live in downtown Beloit someday.

I think there doesn't seem to be a lot of housing in the downtown area- lots of about 1/3 to 1 acre would be ideal. We looked at a house off of Emerson, but the amount of work and money necessary to make it ideal for me was too much. Maybe if there were additional second mortgage assistance to help renovate homes that would be helpful.

Both my husband and I work in and appreciate Beloit, but we haven't considered buying here because of the lack of connecting bike trails and affordable housing near green spaces. Those are the primary reasons we chose Janesville.

First, we would love to live downtown Beloit, but the housing options are limited. I could never justify paying as much as the newer units cost here in Beloit. My partner and I could have rented a nice apt in

downtown Chicago or Indy for that cost! It's okay if housing options in downtown are a little pricier, but I could buy a house in Beloit and my mortgage would be half as much as that cost of some rents! It's time for a reality check. If there were reasonably priced housing options downtown Beloit, it would be much more attractive for young professionals like ourselves who are moving to a small town but still like an urban-esque environment. At this point, we plan to stay for a few years but then move back to a nicer city with better housing options.

I LOVE what is happening downtown. As a 30 something single person the new apartments are amazing but not affordable. I would love to see similar rental options for people who fall more in the mid-range income level.

No stairs. One level units without stairs are most attractive. With aging population, the units without stairs are snatched up fast!

I would like to see more housing like in the turtle creek subdivision. With single family condos, small area to grow flowers but yard and snow removal is done for you. Those are perfect size for retired people, close to places to shop, in a nice neighborhood and well maintained and upscale. Within walking distance of shopping is nice but not required.

Townhomes near/in downtown with greenspace would be amazing! Apartments are not conducive for large pets and kids. I struggle to find this type of living arrangement anywhere in the Stateline Area.

Housing stock in Beloit is ageing. There needs to be incentives to either upgrade or replace the older housing stock that has been long neglected in the city. Low interest loans for middle income families with children in local public schools or college need to be made available. Student loan debts make it difficult for us to do the upgrades in our home that we would like to do. When the time comes that we have the extra income and can afford to do the upgrades, it would be nice to have a list of contractors in the local area to reference that are highly recommended to do the type of work we need done. Trying to find a contractor has been the biggest obstacle we have ran into when trying to do home repairs/upgrades. We tried using Angie's list but still did not have any success since people in the greater Beloit area do not seem to use contractors from here.

When our children are completed with high school, we would like to downsize and like the direction Beloit Downtown is going and proximity to Beloit College allows for some unique cultural opportunities.

Good Dining. Honestly, I travel to Rockford every weekend for shopping & food. Enjoy Beloit very much and love the improvements that have been made but would like better quality restaurants and places to shop. I understand we have been working on this but upper scale would be nice. Better quality grocery store would be great. I currently drive to Roscoe or Rockford. Hip & modern places to shop. Indian food would be great. Maybe some where to buy good furniture and décor. More wine bars would be great.

Have lived in all cities and have friends there.

Familiarity with amenities, shopping, healthcare.

Rockford has more high-end options at better prices.

We really like Beloit, we've lived here for 8 years, but with a young child we're really worried about the safety. So we have thought of moving to another community. We hate to say it, because we've come to love the people here, but the safety issues don't really seem to be improving.

APPENDIX

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PROGRAMMATIC STRATEGIES

Housing Rehabilitation Programs

The survey found strong demand from renters (56%) and buyers (77%) seeking downtown-adjacent single family home options. Although this is not a likely development target, the strong potential demand for this product type makes a compelling case for the development of single family home renovation programs to encourage the transition of these neighborhoods as neighborhood employment zones. This could be accomplished in a number of ways, as illustrated in the following case studies. Additionally, funds from closing TIF districts could be utilized to create a seed funding source for this type of program by employing the housing renewal clause in state TIF statute. Examples of this type of program are profiled below.

Example 1: The City of Madison, together with a number of local employers including Meriter Hospital has a number of healthy neighborhood initiatives designed to promote homeownership in targeted central neighborhoods. Employers participating in the program offer \$10,000 loans to employees to purchase homes within walking distance of work. The loans are forgivable if the employee remains at the company and in the home for five years after receiving the loan. Wisconsin Housing and Economic Development Authority has also provided funds to support this type of program at various points and also offers homeowner education to participants in the program. The City of Madison has created a loan program to provide up to \$10,000 to current renters or landlords to purchase homes within these neighborhoods and/or to make improvements to the property which result in owner occupancy within two years. Loans are forgivable after ten years if the home remains owner occupied. This program is funded through the TIF housing renewal fund created by closing districts.

Example 2: Home improvement loan program. Monona offers homeowners in targeted areas of below-median home value the option to receive up to \$10,000 in 0% interest loans to undertake necessary improvements to modernize homes. Common projects include HVAC or roof replacement, second bathrooms, kitchen upgrades, garage additions, etc. Repayment of the \$10,000 is due in 10 years or upon sale or refinancing of the home, whichever comes first. Other communities that have undertaken this type of program have also partnered with local architecture or landscape design degree programs to offer idea books or pre-approved plans for common architectural styles in target neighborhoods, together with rough cost estimates. This removes yet another barrier to participation and makes upgrades less burdensome at the planning phase. Another option to jump start activity is to create a permit fee waiver period for certain types of projects, which creates the added bonus of generating substantial numbers of projects at a single point in time to create a visible change in the neighborhood.

CDBG Rehabilitation Funding

Beloit currently utilized funds from the Housing and Urban Development Department (HUD) to encourage housing rehabilitation for both neighborhood and upper floor residential units. Units utilizing this program must be made available to populations meeting low to moderate income requirements for Rock County over a period of time depending on the amount of funds utilized for the project. Although these funds have been utilized in the past, it may be possible to increase the number of funds available or to package funds with private lending partnerships to increase the number of projects moving forward. In the past, the Downtown Beloit Association has facilitated studies to help individual property owners identify the cost and potential returns associated with rehabilitation or conversion of vacant upper floor space into quality residential

units. Working with Wisconsin Main Street staff to update and/or expand this service may also be helpful in overcoming resistance to this type of investment.

Historic Tax Credits

Beginning in 2014, Wisconsin property owners and developers who invest in renovating and restoring historic properties for commercial (including multi-family) use can take advantage of additional state tax credits available to help finance this type of project. Tax credits can be used to lower the amount of taxes owed. Historic credits can be received for the qualified renovation of any individual property listed on or eligible for the Wisconsin/National Register of Historic Places, or a building listed as contributing within a National Register Historic District. This designation is determined based on the age, historic relevance, architecture, design and degree of past alterations to the property. The below table highlights the type of credits and application process necessary to take advantage of these credits.

	Federal Credits	State Credits	
Name	Certified Historic Rehabilitation Tax Credit	Pre-1936 Non-Historic Properties	Certified Historic Tax Credit
Percent of Project Costs Eligible for Credits	20%	10%	20%
Eligibility	<ul style="list-style-type: none"> • Be on or eligible for the national register, or a contributing building within a historic district • Taxable property • Income producing properties 	<ul style="list-style-type: none"> • Built before 1936 • NOT on the national register or a contributing building within a historic district • Taxable property • Income producing properties, excluding residential 	<ul style="list-style-type: none"> • Be on the national register, or a contributing building within a historic district • Taxable property • Income producing properties
Application Process	<ul style="list-style-type: none"> • 3 part application process 	<ul style="list-style-type: none"> • No formal review process 	<ul style="list-style-type: none"> • Submit federal approval OR Complete federal Part I & II to Wisconsin Historical Society
Project Timing & Scope	<ul style="list-style-type: none"> • Must follow secretary of interior standards for historic preservation • Work can begin prior to approval, but only approved work will qualify • Minimum project expenditure of \$5,000 or adjusted basis (see below) 	<ul style="list-style-type: none"> • Work can begin at any time. • Minimum project expenditure of \$5,000 or adjusted basis (see below) 	<ul style="list-style-type: none"> • Must follow secretary of interior standards for historic preservation • Part 2 of federal application must be approved by Wisconsin Historical Society prior to work beginning • Minimum project expenditure of \$50,000

Credit Use & Transferability	<ul style="list-style-type: none"> • Can transfer to entities listed as partners in the project, who will remain engaged for 5 years after completion • Credits can be carried back 1 year and forward 20 years 	<ul style="list-style-type: none"> • One time credit claimed when building placed into service 	<ul style="list-style-type: none"> • Can transfer to individuals or entities with tax liability, regardless of project participation • Credits can be carried forward 15 years
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Application Process

Step 1: Contact your accountant and/or attorney to determine your project tax liability and ensure that you plan for the most appropriate ownership structure for your project.

Step 2: See if your building is listed on the register:

<http://www.wisconsinhistory.org/Content.aspx?dsNav=N:1190-4294963829-683&dsNavOnly=N:1189>

- **If it is not listed,** complete Part 1 of the Historic Preservation Certification Application—“Evaluation of Significance” and submit 2 copies to the Wisconsin Historical Society (WHS). The response to this submittal will determine the type of credits you will be eligible to apply for.

Step 2: Contact the Wisconsin Historical Society (WHS), establish your project team, and plan your project. The WHS has two preservation architects on staff to assist you in the planning stages. If you do not intend to use the credits yourself, you will need to secure project partners or purchasers of potential credits.

Step 3: Apply for the desired credits, and receive notice of approval.

- **Certified:** Then Part 2 of the Historic Preservation Certification Application—“Description of Rehabilitation” must be completed and 2 copies must be submitted to WHS. WHS reviews the Part 2 application, and forwards it to the NPS, with a recommendation. This review process can take up to 60 days. Once Part 2 is approved at the state level, WHS will contact WEDC to verify that funding is still available and that the applicant passes all background check criteria. If so, the application continues on to NPS.

Step 4: Complete your project as submitted and planned within the designated timeframe.

Step 5: Claim your credits.

- **Certified Historic:** After rehabilitation work is completed, the owner submits 2 copies of Part 3 of the Historic Preservation Certification Application—“Request for Certification of Completed Work” to WHS. They forward it to the NPS, with a recommendation as to certification. The NPS then evaluates the completed project against the work proposed in the Part 2—Description of Rehabilitation.
- **Qualified/Non-Historic:** To claim the credit, submit IRS form 3468 once work is completed and the building is placed into service.

PACE Equity Program

In addition to historic tax credits, an additional tool has recently been established in Wisconsin to fund renovation of existing properties for commercial use. The PACE equity program provides up front investment funds for a project in return for long-term repayment. Initial equity can be used to fund renovations which improve energy efficiency of the property (typically roof, window, HVAC, plumbing and other infrastructure improvements). Available equity is tied to the value of these improvements and estimated energy savings which will result from these improvements. In return for access to this funding pool, a secondary lien will be placed on the property which is repaid through a long-term property tax assessment. This tax will be terminated upon repayment of the initial equity contribution, typically 20 years or sooner at property owner discretion. An overview of questions commonly associated with the program is provided below.

- For cities and municipalities, PACE enables energy efficiency and provides a no-cost means to meeting commitments to the national Better Buildings Challenge. There is no risk to local governments as PACE assessments are privately funded with **no liability to municipalities**.
- Because PACE assessments by definition have savings that exceed the costs, the result is **increased building value** that make it a better asset for both building owners and mortgage lenders.
- PACE liens do not accelerate upon default. This **preserves the lead financial position of mortgage lenders** in controlling the disposition of their assets in the event of foreclosure.
- PACE improvements have an attractive ROI that result in **immediate positive cash flow** to the building.
- The **accounting treatment** of PACE assessments is favorable in that there is no long term liability and typically does not impact debt coverage ratios.
- Because PACE funded projects are secured by a tax lien on the property, building owners can access **long term, low-cost capital** as the security is valued on the building value.
- Unlike traditional capital investments, most commercial leases support the **passing down of tax assessments** to tenants in cases of triple net leases where tenants get the corresponding utility savings. PACE allows building owners to pass down the appropriate portion of cost that is offset by the utility savings.
- Building owners can take a long term view as the PACE assessment is **transferable upon sale of the property**.
- PACE terms can go **up to 20 years** where most bank loans are limited to 10 year terms.
- Building owners get 100% financing of the improvements with **no up-front investment** or personal guarantees.

Because of the equity/lien requirements associated with the funding, County enabling legislation is required, and Rock County has already been approached by program representatives. Additional information is available at pace-equity.com.

POTENTIAL REDEVELOPMENT SITES

There are several sites which have been identified through previous planning exercises which may be suitable for one or more types of residential development. Four of the sites with the greatest near term potential for redevelopment are profiled below.

200 W Grand

Location: West Grand Avenue and Riverfront

Site Size: 3.2 acres, 140,000 SF structures

Ownership: Hendricks Commercial Properties

Advantages: River views, convenient access & visibility, substantial site size, potential for historic character/financing, adjacent to growing employment area and future YMCA.

Disadvantages: Across the river from most amenities, 4th Street commercial appearance, some demolition/remediation likely.



Riverbend

Location: 217 Shirland Avenue

Site Size: 5.2 acres

Ownership: City of Beloit

Advantages: River views, visibility on Shirland, downtown connection via bike path, relatively flat site, large greenfield development site

Disadvantages: Limited pedestrian connections to downtown/walkability, not currently a residential area



Eclipse Center

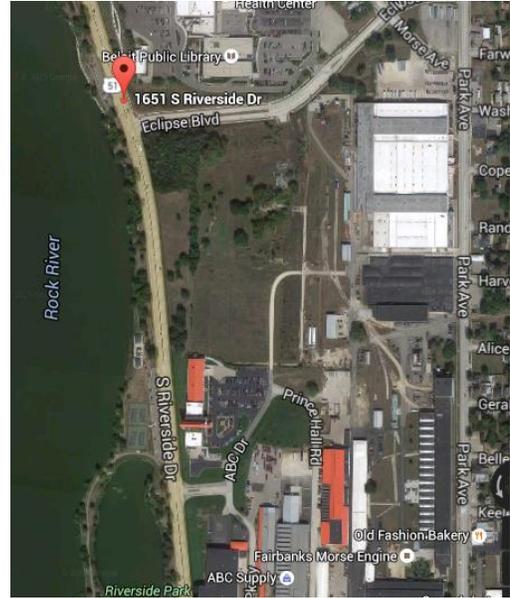
Location: 1651 Riverside Drive

Site Size: 16.13 acres

Ownership: Hendricks Commercial Properties

Advantages: River views, Riverside Drive visibility, residential amenities (library, schools, parks), greenfield development site, large site

Disadvantages: No pedestrian access to downtown/walkability, potentially incompatible adjacent uses



River of Life Church

Location: 511 Public Avenue

Site Size: 1.15 acres, 44,000 SF building

Ownership: The River of Life UMC

Advantages: High visibility, proximity to downtown amenities, easy access, mixed-use potential

Disadvantages: Relatively small site, adjacent to large scale income restricted housing development, requires demolition



2010 HOUSING SURVEY RESULTS

Beloit previously conducted a Center City housing study in 2010. This study incorporated an employee survey generating 770 responses. The survey was both limited to employees at specific companies, and also much longer than the survey used as part of this study. Major findings of the previous study which can be compared to 2015 results include:

- 43.8% male and 56.3% female.
- 32% between the ages of 45-54, 17.5% 25-34, 23.1% 35-44 and 16.7% 55-61.
- 19.4% earned \$75-\$99k, with additional 18.5% earning \$50-\$75k and 14.9% earning \$100-\$125k.
- 14.6% were new to the Beloit area, versus 9.5% living in the area 5-10 years, 5.3% 10-15 years and 51% more than 15 years.
- 15.6% of respondents reportedly would consider relocating to a downtown district at the time of the survey, and a slightly higher percentage (18.3%) could see doing so upon retirement.
- 39.4% were moderately interested and 18.2% very interested in a high quality upscale apartment in Center City Beloit.
 - o Most interested parties would spend \$600-\$700 (30.3%) or \$700-\$800 (25.8%) per month for this type of unit.
- In contrast, 20.4% of respondents were moderately interested in a condominium home downtown, with 7.7% very interested. A slightly higher 25% and 23% were interested in single family options near Center City.
- 18.8% reported being definitely not interested in Center City living at any point, although 21.2% were definitely not interested in apartment options, 51.5% were not interested in condo options, 31.6% were not interested in single family options.
- A substantial percentage of respondents (40%) reported being unaware of the residential options currently available in downtown Beloit.
- In comparison to other regional residential options, a greater number prefer Beloit than all other destinations except Lake Geneva.
- Strong preference for an urban environment with coffee shops, sidewalk cafes, entertainment and culture, churches and parks.
- Top priorities for evaluating residential options included a walkable quiet and well-kept street with a private yard that is pet-friendly, and has garage parking.
- 69.6% preferred a single family home, 9.4% condominium units, 7.4% condominiums with river views, 7.6% loft style units and 4.2% renovated historic units.
- The most preferred style of apartment unit was 2 bedrooms with a den and 2 bathrooms, favored by 26.1% of respondents.

The 2015 results skewed slightly more female and slightly younger than previous respondents. A larger percentage of 2015 respondents are also newer to the Beloit area. Both of these may be the result of increased hiring and recruitment at local employers, or to a different sample population.

More people were interested in near term options in downtown in 2015, and fewer individuals reported definitely NOT being interested in downtown for potential home purchase (40 percent versus 52 percent for purchase options). While 66 percent of respondents in 2010 were willing

to spend only \$600-\$800 for their ideal unit, in 2015 40 percent indicated a willingness to spend \$800-\$1,200 per month, with only 25 percent limited to \$600-\$800 in monthly base rent. Other considerations such as unit size, amenities and neighborhood factors remained relatively constant across the two surveys.