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July 15, 2024

Members of the Zoning, Neighborhoods  
& Development Committee  
City of Milwaukee  
City Hall, Room 205  
Milwaukee, WI 53202

RE: File 240381, TID 120 – Kin at Freshwater

Dear Committee Members:

File 240381 would approve the creation of Tax Incremental District (TID) 120, Kin at Freshwater (the “District”), along with a corresponding project plan and term sheet. The Comptroller’s Office has reviewed the project plan, feasibility study, and term sheet and has had discussions with the Department of City Development (DCD) and the Assessor’s Office. The Comptroller’s Office analysis is based on the information provided.

The proposed District involves the construction of a mixed-use multifamily apartment building at 200 East Greenfield Avenue in Milwaukee’s Harbor District, (the “Project”). The new building will contain 140 one, two and three bedroom apartment units and approximately 1,300 square feet of commercial space. The units will be affordable to families with incomes between 30% and 60% of Area Median Income and a small percentage of market rate units.

Rule Enterprises and Emem Group are the project's developers, while Kin at Freshwater LLC will be the Project Owner, which is a specific entity formed for this purpose. The construction and formation of the entity are required for the project's syndication of low-income housing tax credits.

The total estimated costs for the project amount to \$44,422,186. This file authorizes a \$2,000,000 grant to the developer to assist in funding a portion of these costs. The City will make payments to the developer using 100% of incremental tax revenue collected from TID No. 120, after deducting Annual Expenses, to reimburse the project owner for costs incurred for the project through payments on the Monetary Obligation. This will be carried out for a duration not exceeding 17 years.

### Is This Project Likely to Succeed?

As a Developer-financed TID, the Developer assumes the risk that the proposed District will generate sufficient incremental revenue to recapture its \$2,000,000 investment with interest.

DCD's feasibility study completed by Ehlers Public Advisors, which uses a constant 2.1214% property tax rate and conservative 0% inflation rate over the life of the TID, forecasts that the Developer will fully recover the \$2,000,000 plus interest in 2041 after receipt of the 2040 levy. However, if the tax rate does not remain constant, the Developer may not recover the entire \$2,000,000 plus interest. Nonetheless, the proposed TID to the City is economically feasible because the Developer, not the City, assumes the repayment risk on their \$2,000,000 contribution.

### Sensitivity Analysis

There is inherent risk in every projection of future results. One common way to evaluate this risk is to provide sensitivity analysis, which forecasts the impact that different assumptions have on the projection. Below is a table, which summarizes several scenarios to show the sensitivity of DCD's projected incremental revenues within the District.

Sensitivity Analysis	
Percentage of DCD Projected Revenue	District Payback Year
90%	2041*
95%	2041*
100% (Base Case)	2041
105%	2039
110%	2039

\* 2041 is the final payback year, levy year 2040, of the City's monetary obligation, which is year 17.

It is important to note that the payback year relates to the expected year the Developer will recover their investment. City payments on the monetary obligation will terminate when paid in whole or in the year 2041, whichever comes first. This stipulation remediates the City's risk.

### Is the Proposed Level of City Financial Participation Required to Implement the Project?

This proposed TID allows the City to provide incentive to the Developer to develop the Property while minimizing the City's involvement and risk.

## Conclusion

The proposed TID provides incentives for the Developer to construct a mixed-use multifamily apartment for the residents in the City. The Developer will assume the financial risk, and the Project should increase the City's tax base.

Should you have any questions regarding this letter, do not hesitate to contact Nuducha Yang at extension 2354.

Sincerely,

A handwritten signature in black ink that reads "Bill Christianson". The signature is written in a cursive, flowing style.

Bill Christianson, CPFO  
Comptroller

CC: Lori Lutzka, Alyssa Remington, Gloria Lucas, Joshua Benson, Charles Roedel

BC:NY