



Bill Christianson, CPFO
Comptroller

Toni Biscobing
Special Deputy Comptroller

Richard Bare, CPA
Special Deputy Comptroller

May 29, 2024

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

RE: File 240165, TID 118 100 East National

Dear Committee Members:

File 240165 would approve the creation of Tax Incremental District (TID) 118, 100 East National (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 is located in the City's Harbor District. It involves the construction of a mixed-use multifamily apartment building at the northeast corner of South 1st Street and West National Avenue. The new building will contain 140 one and two-bedroom apartment units and approximately 3,140 square feet of commercial space. The apartment units will be affordable to families with incomes between 30% and 80% of the Area Median Income.

The Developer for the site is Bear Development (the Developer). The City of Milwaukee is familiar with the Developer as their most recent Project is the redevelopment of the Filer and Stowell industrial site in Bayview with 576 new affordable elderly and family housing units. Other projects include the conversion of the Historic Button Block Building on Water Street into a Homewood Suites, 700 Lofts, the adaptive reuse of a former office building into 49 apartments on 7th and Michigan, and the development of the 99-unit Michigan Street Apartments at 9th and Michigan.

Total estimated costs for the Project are \$54 million. This file authorizes a \$2,170,000 grant to the Developer to assist in funding a portion of these costs. The City will make payments to the Developer; one hundred percent of incremental tax revenue collected from TID No. 118, following the deduction of Annual Expenses, to repay the Project Owner for costs incurred for the Project through payments on the Monetary Obligation for a duration not to exceed 19 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 their \$2,170,000 investment with interest.

DCD's feasibility study by Ehlers Public Finance Advisors, which uses a constant 2.2124% property tax rate and 0% inflation rate over the life of the TID, forecasts that the Developer will fully recover the \$2,170,000 plus interest in 2043 after receipt of the 2042 levy (the final year of the City's obligation to the Developer). However, if the tax rate does not remain constant, the Developer may not recover the entire \$2,170,000, plus interest. Nonetheless, because the Developer, not the City, assumes the repayment risk on their \$2,170,000 contribution, the proposed TID to the City is economically feasible.

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%	2043*
95%	2043*
100% (Base Case)	2043
105%	2041
110%	2040

* 2043 is the final payback year, levy year 2042, of the City's monetary obligation, which is year 19.

It is important to note that the payback year relates to the expected year in which the Developer will recover their investment. Since the Developer will finance the Project, the City is not at risk of losing the \$2,170,000.

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

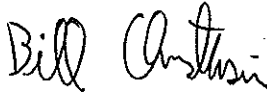
This proposed TID allows the City to provide incentive to the Developer to develop the Property while minimizing the City's involvement and risk.

Conclusion

The proposed TID provides incentive for the Developer to construct a mixed-use building consisting of 140 housing units and a commercial space. 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, please contact Nuducha Yang at extension 2354.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Christianson". The signature is written in a cursive, flowing style.

Bill Christianson, CPFO
Comptroller

CC: Maria Prioletta, Gloria Lucas, Joshua Benson, Charles Roedel

BC:NY