

Project Plan
For
Tax Incremental District Number No. 131
City of Milwaukee
(FORMA)

Public Hearing Held:
Redevelopment Authority Adopted:
Common Council Adopted:
Joint Review Board Approval:

Prepared by
Department of City Development

In Conformance with the Provisions
of Section 66.1105, Wisconsin Statutes

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I. DESCRIPTION OF PROJECT

A. Introduction

Section 66.1105(4) (d), Wisconsin Statutes, requires the “preparation and adoption... of a proposed project plan for each tax incremental district.” This Project Plan is submitted in fulfillment of this requirement and the related provisions of section 66.1105, Wisconsin Statutes.

B. District Boundaries & Compliance with Statutory Eligibility Criteria

Tax Incremental District Number 131, City of Milwaukee, FORMA (“District” or “TID”) is comprised of one parcel(s) totaling approximately 15,821 square feet, or 0.36 acres (collectively, the “Property”). The District is shown on **Map No. 1, “Boundary and Existing Land Use,”** and described more precisely in **Exhibit 1, “Boundary Description.”** The District contains only whole parcels and said parcels are contiguous as required by Sections 66.1105(2)(k)1 and 66.1105(4)(gm)1, Wisconsin Statutes.

Not less than 50%, by area, of the real property located within the District was found to be an area “in need of rehabilitation or conservation work” as defined in Section 66.1337(2m)(a), Wisconsin Statutes, as required by Section 66.1105 (4) (gm) of the Wisconsin Statutes. **Exhibit 2 “Property Characteristics”** illustrates how the property in the District meets this statutory criteria for tax incremental financing districts. The project proposed for the District will contain no commercial space and per Wisconsin Statute 66.1105 (5) (b), it is estimated that less than 35% of the property within the District that could be devoted to retail business at the end of the maximum expenditure period.

C. Project Plan Goals & Objectives

Property within the District is currently “in need of rehabilitation and conservation work” and is located at 412 South 4th Street, Milwaukee, Wisconsin 53204. The following is a description of the planned project for the District.

The developer for the Property is New Land Enterprises (“Developer”). The Developer is proposing the new construction of a workforce housing development at 412 South 4th Street, Milwaukee, Wisconsin in the Walker’s Point neighborhood (the “Property”). The site is comprised of one parcel totaling 15,821 square feet, or 0.36 acres, and is located on the southeast corner of South 4th Street and West Florida Street. The site is used as a parking lot and has two existing houses, which are vacant and would be demolished. Overall, the site is vacant and underutilized.

The Project will contain 65 residential rental units with 100% of units set aside for workforce housing. The Project will have a mix of studio, one- and two-bedroom units with rents between 80% and 100% of the area median income. See **Attachment 1** of the “**Term Sheet**” for the specific unit mix and targeted income levels. The building is designed to be sustainable and is within walking distance of several bus routes (the “Project”).

The main purpose of the District is to improve workforce housing options in the Walker’s Point

neighborhood.

The more detailed objectives of this Project Plan are to:

1. Promote the coordinated development of underutilized property for appropriate residential use.
2. Increase the density and diversity of housing units in the City.
3. Support past and future investment in the neighborhood through the redevelopment of a property that is currently vacant and underutilized.
4. Increase the tax base of the City by promoting new construction.

D. Existing Land Uses & Conditions in the District

The District is comprised of one parcels containing 0.36 acres, or 15,821 square feet. The property in the District is currently assessed at \$404,100 and is zoned IM (Industrial-Mixed). Currently, the District is substantially vacant and underutilized.

II. PLAN PROPOSALS & STATUTORY REQUIREMENTS

Section 66.1105(4) (f), Wisconsin Statutes, requires that a Project Plan for a Tax Incremental District shall include:

“... a statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided in subsection (2) (f)1.k. and 1.n., outside the district, an economic feasibility study, a detailed list of estimated project costs, and a description of the methods of financing all estimated project costs and the time when the related costs or monetary obligations are to be incurred. The plan shall also include a map showing existing uses and conditions of real property in the district; a map showing proposed improvements and uses in the district; proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances; a list of estimated nonproject costs; and a statement of the proposed method for the relocation of any persons to be displaced. The plan shall indicate how creation of the tax incremental district promotes the orderly development of the city.”

The plan shall also include an opinion of the City Attorney or of any attorney retained by the City advising whether such plan is complete and complies with Section 66.1105(4) (f), Wisconsin Statutes.

The following statements, maps and exhibits are provided in compliance with the statutory requirements.

A. “Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements.”

Funds generated from the District will be used for the following uses and improvements as shown in **Map 2, “Proposed Uses and Improvements:”**

- Developer Grant. TID revenue will be used to provide annual grant payments to the Developer to offset actual costs incurred by the Developer for the Project. The City will make payments to the Developer equal to 100% of the incremental taxes certified and collected from property within the District, less an annual administration charge, until such time as \$2,975,000 is reimbursed to Developer by such payments plus an interest rate of up to 6.5% over a period not to exceed 24 years (the “Grant” or “Monetary Obligation”). See the Term Sheet, attached as **Exhibit 3, “Term Sheet.”**

B. “Detailed List of Estimated Project Costs.”

The costs included in this subsection and detailed in **Table A, “Estimated TID Project Costs”** which follows are, without limitation hereof because of enumeration, claimed as eligible Project Costs, as defined under Section 66.1105(2)(f), and, if appropriate, in any Cooperation and Development Agreement(s) or grant agreement(s) presently or subsequently entered into by and between the City of Milwaukee, the Redevelopment Authority of the City of Milwaukee (“RACM”), and/or eligible designated developer(s) or property owner(s), provided further that such expenditures are necessitated by this Project Plan.

These cost estimates are more fully described as follows:

Capital Costs

The City shall fund an estimated \$2,975,000 in the form of TID Capital Project Costs of this Plan. These costs include the Monetary Obligation that funds the Grant to the Developer as enumerated in further detail below in **Table A, “Estimated TID Project Costs.”**

Administrative Costs

This category of Project Costs includes estimates for administrative, professional, organizational and legal costs.

Financing Costs

Financing costs include estimated gross interest expense on the Monetary Obligation to reimburse the Developer for the developer-financed Grant. Estimates of interest are based on interest rates set forth in the Economic Feasibility Analysis for the Project attached as **Exhibit 4, “Feasibility Study.”** The City reserves the right to prepay the grant to the Developer, which could require issuance of general obligation or other forms of debt, as described in **Exhibit 3, “Term Sheet.”**

Table A - Estimated TID Project Costs

A	Capital Costs: Grant to Project (Monetary Obligation to Developer)	\$2,975,000
B	Other: Administrative Costs (\$10,000/year for 22 years)	\$220,000
	Total Estimated Project Costs (excluding financing)	\$3,215,000
C	Financing: Interest on the Grant to Developer (Monetary Obligation to Developer), interest on borrowing / payment of bonds	\$3,438,199

C. “Description of Timing and Methods of Financing.”

All expenditures are expected to be incurred during the period from 2026 through 2047.

The annual payments to the Developer will be paid pursuant to the Monetary Obligation, using incremental taxes generated annually in the District as further described in **Exhibit 3, “Term Sheet.”** The City may proceed to fund any or all Project Costs using general obligation bonds or notes, RACM revenue bonds or other forms of borrowing in amounts which can be supported using tax increment from the District.

D. “Economic Feasibility Study.”

The Economic Feasibility Study for this District prepared by the Ehlers Public Finance Advisors is attached to this Project Plan as **Exhibit 4, “Feasibility Study.”** The study establishes the dollar value of Project Costs, which, based on certain general assumptions and a reasonable margin of safety, can be financed with the revenues projected to be generated by the proposed TID.

Based upon the anticipated tax incremental revenue to be generated by this TID, the District is financially feasible and is likely to be retired on or before the year 2049. Should incremental revenue generate in excess of those currently anticipated, they may be used to accelerate the reimbursement of the Developer-financed Grant for the Project.

E. “Map Showing Existing Uses and Conditions.”

See **Map No. 1, “Boundary and Existing Land Use;” Map No. 3, “Structure Condition,”** and **Exhibit 5, “Property Owners,”** attached to this Project Plan.

F. “Map Showing Proposed Improvements and Uses.”

See **Map No. 2, “Proposed Improvements & Uses,”** attached to this Project Plan.

G. “Proposed Change of Zoning Ordinances, Master Plan, Building Codes and City Ordinances.”

See **Map No. 4, “Existing Zoning,”** attached to this Project Plan. The proposed Project is

consistent with existing zoning, which is IM (Industrial-Mixed). The proposed Project is in accordance with the existing master plan, building codes, and other city ordinances. The Project should not require amendments to their provisions, but such amendments could be made if necessary without further amendment to this Project Plan.

H. “List of Estimated Non-Project Costs.”

There are no non-project costs.

I. “Proposed Method for Relocation.”

The Project Plan does not anticipate the acquisition of property by the City of Milwaukee or RACM, accordingly, no relocation activities or expenditures for relocation payments or services are provided herein. If, at a later date, it is determined that acquisition of property by condemnation and requiring relocation will be necessary, the cost and method of relocation will be included in a Redevelopment Plan and associated Relocation Plan prepared pursuant to Sections 66.1333 and 32.05, Wisconsin Statutes. The costs of such activities will be eligible for reimbursement through tax increment revenues should such revenues be generated during the statutory life of the District.

J. “Statement Indicating How District Promotes Orderly City Development.”

The proposed District is consistent with existing zoning and the goals of the Near South Side Area Plan, one of fourteen Area Plans that make up the City of Milwaukee’s Comprehensive Plan, and with the Walker’s Point Strategic Action Plan, an amendment to the Near South Side Area Plan. The plans call for a range of residential housing including providing varied building types that include multi-unit mid-rises to accommodate various types of households and a range of income levels, adding new affordable and subsidized housing options that include multi-family living arrangements, and encouraging compatible infill development.

K. “Opinion of the City Attorney.”

See Exhibit 6, “Letter from the City Attorney,” attached to this Project Plan.

EXHIBITS

<u>Exhibit</u>	<u>Title</u>
Exhibit 1	Boundary Description
Exhibit 2	Property Characteristics
Exhibit 3	Term Sheet
Exhibit 4	Economic Feasibility Study
Exhibit 5	Property Owners
Exhibit 6	City Attorney's Letter
Map 1	Boundary and Existing Land Use
Map 2	Proposed Improvements & Uses
Map 3	Structure Condition
Map 4	Existing Zoning

Exhibit 1

Boundary Description

Address: 412 South 4th Street, Milwaukee, Wisconsin 53204

Legal Description:

A tract of land being surveyed, divided and mapped a redivision of Lots 10, 11 and 12, Block 20, in Walker's Point, being part of the Southwest 1/4 of the Northeast 1/4 of Section 32, Township 7 North, Range 22 East. In the City of Milwaukee, Milwaukee County, Wisconsin, which is bounded and described as follows:

Commencing at the Northwest Corner of said 1/4 Section; Thence S01°04'26"E along the west line of Said 1/4 Section 1478.60 feet to a point of intersection with the south line of West Florida Street and its extension; Thence N89°09'55"E along said south line 789.69 feet to the intersection of the said Florida St. and the east line of South 4th Street, being the Point of Beginning of lands to be described; Thence continuing N89°09'55"E along said south line 105.00 feet; Thence S01°02'01"E 150.68 feet to a point on the north line of lot 9 of said Walker's Point; Thence S89°09'55"W along said north line 105.00 feet to a point on the east line of said S. 4th St.; Thence N01°02'01"W along said east line 150.68 feet to the Point of Beginning.

Said lands contains 15,821 square feet or 0.3632 acres.

Tax Key No: 428-1181-000

Exhibit 2

Property Characteristics

Findings substantiating that not less than 50%, by area, of the real property within the proposed District is an area “in need of rehabilitation or conservation work” as defined in Section 66.1337(2m)(a), Wisconsin Statutes as required by Section 66.1105 (4) (gm) of the Wisconsin Statutes.

Tax Key	Owner Name	Land Assessment	Yard Items Assessment	Improvement Assessment	Total Assessment	Lot SF	“in need of rehabilitation or conservation work”
428-1181-000	Fourth & Florida LLC	\$18,600	\$9,800	\$375,700	\$404,100	15,821	15,821 SF
						Total:	15,821 SF
						Total Percentage:	100%

Exhibit 3

TERM SHEET

FORMA TID No. 131

This Term Sheet does not constitute an agreement between the Developer (as defined below), the Redevelopment Authority of the City of Milwaukee (“RACM”) and the City of Milwaukee (“City”). The terms set forth below and any other requirements necessary for a transaction of this sort shall be incorporated into a development agreement to be entered into between the Developer, RACM and the City (the “Development Agreement”). In recognition that there may be adjustments of the dates and descriptions herein as well as administrative approvals which will require the exercise of reasonable discretion on behalf of the City, the City’s Department of City Development Commissioner (the “Commissioner”) will be authorized under the Development Agreement to exercise such discretion and grant such approvals, including minor adjustments of the terms described in this Term Sheet.

Project

The FORMA project (the “Project”) involves the new construction of a workforce housing development at 412 South 4th Street, Milwaukee, Wisconsin in the Walker’s Point neighborhood (the “Property”). The site is comprised of one parcel totaling 15,821 square feet, or 0.36 acres, and is located on the southeast corner of South 4th Street and West Florida Street. The site is used as a parking lot and has two existing houses, which are vacant and would be demolished. Overall, the site is vacant and underutilized.

The Project will contain 65 residential rental units with 100% of units set aside for workforce housing. The Project will have a mix of studio, one- and two-bedroom units with rents between 80% and 100% area median income. See **Attachment 1** for the specific unit mix and targeted income levels. The building is designed to be sustainable and is within walking distance of several bus routes.

The Project is consistent with the Near South Side Area Plan, one of fourteen Area Plans that make up the City of Milwaukee’s Comprehensive Plan, and with the Walker’s Point Strategic Action Plan, an amendment to the Near South Side Area Plan. The plans call for a range of residential housing including providing varied building types that include multi-unit mid-rises to accommodate various types of households and a range of income levels, adding new affordable and subsidized housing options that include multi-family living arrangements, and encouraging compatible infill development.

The Property is in compliant with the IM (Industrial-Mixed) zoning, which is meant for the conversion of certain older industrial uses to residential, commercial, office uses.

Development Team

The Project is being developed by New Land Enterprises (“Developer”), a development firm that specializes in mixed-use residential and commercial real estate. New Land Enterprise has developed 30 projects valued at \$740mm. The Developer currently has 2,000 apartments and approximately 200,000 square feet of commercial real estate in its portfolio. Among their residential developments are Element, KinetiK, Nova, Quartet, Rhythm, Riverside Lofts, Trio, Urbanite and others. New Land Enterprises has also developed Milwaukee’s first micro-unit apartment building, Black Cat Alley, Crossroads Collective, Oriental Theater, and Ascent MKE, the world’s tallest mass timber building.

Project Budget:

Total Project costs for the development are estimated at approximately \$17,929,000. In addition to TID No. 131 funding, the financing structure includes a mortgage and equity.

Estimated total project sources include:

Mortgage	\$10,680,050
Equity	\$ 4,274,505
City Tax Incremental Financing	<u>\$ 2,975,000</u>
 Total	 \$17,929,555

Development Schedule

Developer shall commence construction of the Property in the Project by July 1, 2026 and substantially complete the Project by December 31, 2027.

Tax Incremental District

The City intends to create Tax Incremental District No. 131 (“TID No. 131”) to assist in funding a portion of the costs of the Project as set forth in the Project Plan.

TID Funding & the Conditional Monetary Obligation

The RACM will provide the Developer with a Grant plus interest as described below, funded by a limited and conditional monetary obligation of the City (the “Monetary Obligation”), in an amount not to exceed \$2,975,000 for the Project the Grant if such Grant is earned by the Developer by substantially completing the Project as promised and within the timelines described in the Development Agreement. The Developer shall advance up to \$2,975,000 (subject to review of the final Project budget) of costs related to the Project and shall be reimbursed for these costs by the Grant. Because the Grant will be paid on a reimbursement basis, Developer will also receive interest at a rate of 6.5% or the actual interest rate on Developer’s construction loan granted a first mortgage, whichever is lower (the “Interest Rate”) in addition to the Grant.

After creation of TID No. 131 and determination of the base value of TID No. 131, City will

deposit 100% of future tax revenue based on the incremental value of the property within the TID actually received by City from TID No. 131, less Annual Expenses¹, into a special fund established for TID No. 131 (the “Incremental Revenue”). Upon Substantial Completion (as defined below) of the Project and the earning of the Grant, the Incremental Revenue will fund annual payments of the Grant plus interest rate at the Interest Rate to Developer and will result in a reduction of the principal balance of the Monetary Obligation. Annual Grant payments will be made to Developer on or before March 1st of each year, provided the Developer has paid its property tax bill in full prior to January 31st each year and there is sufficient Incremental Revenue to fund the Grant payment.

The Monetary Obligation a limited and conditional obligation of the City in that it is subject to annual appropriation by the City’s Common Council, is conditioned upon there being enough Incremental Revenue to fund the Grant, and is conditioned upon Developer actually earning the Grant. If not appropriated, City shall not expend Incremental Revenue for any other TID No. 131 project costs. Tax revenue shall not be pledged to the payment of the Grant and the Monetary Obligation shall not constitute a general obligation of City or count against its statutory debt limits. Annual payments on the Grant will terminate and be considered paid in full: (i) at the time the Grant and interest is fully paid; or (ii) with the payment derived from the 2048 tax levy, payable in 2049, whichever occurs first.

The Developer shall have the right to assign all or a portion of the Grant and interest to sources of financing or refinancing on terms and conditions mutually agreeable between Developer and the proposed assignee(s). The City shall have a reasonable opportunity to review the applicable assignment documentation and approve any documentation to which it is a signatory.

Design/Consistency with Approved Plans

Design of the Project and all final plans and specifications for the Project shall be subject to the review and approval of the Commissioner.

Substantial Completion of the Project

Upon substantial completion of the Project, Developer shall submit a certification detailing Project costs theretofore incurred (together with copies of records, invoices, accountant’s final cost certification and/or AIA documentation, in a form reasonably acceptable to the Commissioner evidencing such expenditures. The Grant shall be deemed earned upon approval of such certification by the Commissioner and by Developer obtaining an occupancy permit for the Project (collectively, “Substantial Completion”).

Cost Savings / Claw Back

If at Substantial Completion, total Project costs submitted to the Commissioner for certification are less than the \$17,929,555 estimated in the Project budget or the amount of total costs reflected in the final budget submitted prior to closing on the financing, the amount of the Grant will be reduced by 50% of the cost savings. The mechanics for the Grant reduction in accordance

¹ “Annual Expenses” is defined as an amount not to exceed \$10,000 per year used to pay the customary and reasonable costs incurred by City for audit and accounting functions and other ongoing administrative expenses for TID No. 131.

with the foregoing will be such that the final payment(s) of the TIF/Monetary Obligation to Developer will be decreased by the amount of the City Share of Cost Savings.

If, during the life of the TID, the Developer experienced a refinance event or sells the Property to an unrelated third party, City shall perform a financial lookback at the success of the Project and may participate in any sale or refinance event proceeds if the Project's internal rate of return ("IRR") exceeds 17% at the time of such lookback. Developer shall provide to the City a cash flow pro forma model financial statement for the Project projecting future returns for the period from the date of Substantial Completion through such anticipated sale or refinance event date. If, at the time of such lookback which shall occur prior to the closing on the sale or refinance event, the IRR exceeds 17%, City shall be entitled to receive 17% of the proceeds above such 17% IRR (the "City Claw Back") not to exceed the net present value of the Monetary Obligation. The City Claw Back shall be paid to the City at the time of closing on the sale or refinance event and shall not affect the amount of any future payments due to the Developer on the Grant.

A "refinance event" is any transaction in which the Developer replaces a permanent loan with new financing that pays off the existing debt secured by the property, regardless of whether additional proceeds are generated. Notwithstanding the foregoing, the Developer may convert or refinance its construction loan for the Minimum Improvements with the Mortgage Lender to a permanent loan and such transaction shall not be considered a refinancing event.

Safety-Valve

If during initial lease-up, or subsequent leasing periods, there is not a sufficient pool of income-eligible applicants for the covered units at the Developer provided underwritten rent levels, Developer may request, and City shall allow, the income limits for units within the building to be increased to up to 100% AMI (for units initially restricted to households at or below 80% AMI in the development agreement) and 120% AMI (for units initially restricted to households at or below 90% or 100% AMI). Developer shall only make this request in the event that occupancy is at least 15% below initial Developer provided underwritten projections in year 1 for a period of three consecutive months, or occupancy falls below 92.31% for a period of three consecutive months in subsequent years (See Developer's Underwritten Occupancy Projections, Exhibit 3 below). Such a request shall be accompanied by a market analysis and source documentation, prepared at Developer's expense, documenting the need for such an increase in order to maintain initial underwritten rental occupancy. City may request to review relevant source documentation, including marketing materials demonstrating advertised rents consistent with Developer provided underwritten rent levels and tenant application information, as part of this review. City shall determine the length of time for which to grant such a request, and approving the request shall not change the allowable rental limits under the development agreement. The Commissioner of City Development shall be authorized to review and approve such a request, and the approval shall not be unreasonably withheld. Any approval or denial shall occur within thirty (30) days of receipt of complete documentation by the City. For the purposes of this section, all documentation submitted in support of Developer's request or as requested by the City to review shall meet industry and City standards for such documentation. The City retains the right to reject Developer's request, as provided above, to increase the income limits of units if the documentation submitted by Developer fails to demonstrate that there is not a sufficient pool of income-eligible applicants for covered units or otherwise fails to meet industry and City standards.

Material Disturbance

If the Project is not substantially completed by December 31, 2027 unless caused in substantial part by an event of *Force Majeure*² (a “Material Disturbance”), then City shall have the right (but not the obligation) to terminate the Development Agreement, using the following procedure:

(1) City shall give Developer notice of its intention to terminate the Development Agreement, and Developer shall have 180 days to eliminate the Material Disturbance, and

(2) Thereafter, if Developer has not timely eliminated the Material Disturbance and if City still intends to terminate the Development Agreement, City’s Common Council shall adopt a resolution determining that the Material Disturbance prevents the substantial realization of the public benefits contemplated from the Project and constitutes just cause for the termination of the Development Agreement. City shall thereafter file a certificate with Developer (attaching the resolution of the Common Council) stating that City has elected to terminate the Development Agreement. Upon City such filing of the certificate and recording it on title to the property covered by the Development Agreement, the Development Agreement and the City’s Monetary Obligation shall terminate.

Developer Responsibilities:

The Developer shall have the following responsibilities:

- Design and develop the Project consistent with the approved plans and the Development Agreement.
- Submit to the Commissioner a final development budget for the Project, financing commitments, final bids, a construction contract, and proof that all funding sources have been committed (prior to closing on the funding).
- Obtain title to the property to be developed as part of the Project, if not already owned.
- Guaranty completion of construction of the Project.
- Enter into agreements with the City as described and required herein.
- Maintain the Project as residential housing consistent with the requirements found in Attachment 1 of this Term Sheet for a period of 20 years or until the annual tax incremental payments terminate, whichever is longer, and comply with the City’s Workforce Housing TIF Compliance Guideline attached as Attachment 2 of this Term Sheet. Developer will be required to enter into a Land Use Restriction Agreement to be recorded on title of the real property within the Project to guarantee compliance with these residential provisions.

Human Resources:

Developer and City will enter into a Human Resources Agreement in a form customary for projects subject to Ch. 355 of the Milwaukee Code of Ordinances. The Human Resources Agreement will provide for utilization of certified Small Business Enterprises (“SBE”) for no

² “Force Majeure” means delays caused by adverse weather, acts of God, labor disputes, strikes, material shortages, terrorism, civil unrest, war, fire, pandemic or epidemic, global health crisis, other casualty, riot, concealed and unknown site conditions and other causes outside of the control of the party obligated to perform.

less than 25% of Project construction costs, 25% for purchase of goods and services, and 18% of amounts expended for the purchase of professional services deemed eligible pursuant to SBE Guidelines; utilization of unemployed and underemployed residents for no less than 40% of the total “worker hours” expended on “construction” of the Project; compliance with applicable state and municipal labor standards; utilization of apprentices and/or on-the-job trainees; and participation in City’s First-Source Employment Program.

No Tax Exemption

No portion of the Project shall at any time be exempt from real estate taxes and Developer shall enter into a Payment in Lieu of Taxes Agreement with the City for the Property (“PILOT Agreement”).

Development Agreement:

Developer, RACM and City shall enter into the Development Agreement, which shall contain terms consistent with this Term Sheet (unless otherwise agreed to by the parties) and customary for such development agreements in the City.

Limits on Project Developer Action

Until all obligations under the Development Agreement have been fully discharged, Developer may not, without City consent:

- Merge with another entity;
- Sell, lease or transfer the Project sites other than residential and commercial leases in the ordinary course of business and other easements or other real estate interests that may be necessary or appropriate to operate the Project;
- Enter into any transaction that would materially adversely affect the ability of Developer to complete the Project or fulfill its obligations under the Development Agreement;
- Assume or guarantee the obligations of any other person or entity that would materially adversely affect the ability of Developer to complete the Project or fulfill its obligations under the Development Agreement; or
- Enter in a transaction that would cause a material and detrimental change to the Developer’s financial condition.

ATTACHMENT 1

Housing Unit Mix and Target Area Median Income Mix

	Number of Bedrooms			
% of Area Median Income (AMI)	Total Units	Studios	1-bdrm	2-bdrm
80%	19	12	7	
90%	7		7	
100%	39		26	13
Total Units	65	12	40	13

ATTACHMENT 2

Workforce Housing TIF Compliance Guideline

(Version dated: 6/12/2025)

The City of Milwaukee Department of City Development (DCD) has established *Tax Increment Finance (TIF) for Housing Development Guidelines* to ensure the availability of housing for current and prospective residents. This includes guidelines for both Affordable and Workforce housing developments where program requirements include ongoing compliance and monitoring requirements.

Under the *DCD TIF for Housing Development Guidelines*, affordable housing is defined as housing for individuals and households making 60 percent of the area median income or below. Workforce housing is defined as housing individuals and households making 60 percent to 100 percent of the area median income (AMI).

This *Workforce Housing TIF Compliance Guideline* establishes a framework for monitoring income limits, rent restrictions, and unit set asides during the designated compliance period for each DCD TIF-assisted workforce housing development and commercial conversions to housing that include workforce housing elements.

Proper Administration and Recordkeeping:

- The owner is responsible for proper administration and records retention of the program.
- The owner and owner's agent are responsible for proper recordkeeping including tenant income and rent records to be kept for three years from the date a household ends their tenancy.
- The owner is responsible for ensuring owner's agent and staff are aware of and complies with all rules of the program.
- Records must be made available to DCD staff at reasonable times with reasonable notice from DCD.

Ongoing Administration and Notification:

- The owner must keep DCD notified of any event that may affect development's financial health through all phases of construction through the end of the compliance period.

Reporting and Certification:

- The owner must submit required documentation to DCD on an annual basis, following submission deadlines that will be included within development agreements. This includes:
 - Tenant Application and Certification of Income and Self-Certification of Assets
 - Tenant Annual Self-Certification of Income
 - Owner's Affidavit of Continuing Program Compliance
 - Owner's Annual Unit Status Report

Ownership and Management Changes:

- The owner and agent are responsible for informing DCD on any changes in ownership and management.
- The required form includes an attestation that the development will continue to operate under the original terms of the development agreement for the duration of the agreement.

Compliance Period:

- The owner must enter into a Land Use Restrictive Agreement (LURA), which will be recorded as a restrictive covenant.
- The workforce housing compliance period is for a minimum of 20 years or until the annual tax incremental payments terminate, whichever is longer, as outlined in *DCD TIF for Housing Development Guidelines*.

Minimum Unit Set-Aside:

- The required minimum number of units designated as workforce or affordable housing and the applicable rent limits will be established based on *DCD TIF for Housing Development Guidelines* and memorialized in individual development agreements. Workforce housing baseline ranges are outlined in *DCD TIF for Housing Development Guidelines*.
- Unit set-asides will be determined at the development level, not individual building level.
- For developments that are not 100% rent-restricted, units may be designated as floating. A “floating unit” means that while the total number of rent-restricted units remains fixed, the specific units designated as rent-restricted may change over time, provided the development always maintains the required number of rent restricted units defined in the development agreement.

Income Limits:

- DCD will publish annual income limits based on HUD’s Multifamily Tax Subsidy Development (MTSP) Income Limits.³ These limits will remain in place until DCD officially publishes new limits.
- Owners may not anticipate increases in income and corresponding rents.
- Eligible household income must fall between 60 and 100% of AMI, depending on individual development-specific considerations. Workforce housing baseline ranges are outlined in *DCD TIF for Housing Development Guidelines*.
- Income averaging is not permitted. Fixed set asides at fixed income limits will be required as memorialized in the development agreement.
- Households whose income goes above 100% of AMI after initial occupancy may remain in their unit.

Rent Restrictions:

- DCD will publish annual rent limits based on HUD’s MTSP Income Limits. These rent limits will remain in place until officially updated by DCD.
- Owners may not anticipate increases in income and corresponding rents.
- A development’s income and rent limits will never decrease from one year to the next, even if there is a decrease in the DCD published limits.
- Developments may use the highest income and rent limit the property has achieved since the date of certificate of occupancy is issued.

Tenant Selection:

- A waiting list is not required but is recommended by DCD.

Tenant Income Certifications:

- Gross annual household income will be used to determine eligibility.
- Income from all household members 18 years of age or older must be included.
- Income includes all amounts received from all sources received by household members 18 years of age or older.

³ <https://www.huduser.gov/portal/datasets/mtsp.html>

- Frequency of certifications:
 - A full certification of income is required at admission.
 - A self-certification of assets is required at admission.
 - Households must self-certify income annually, thereafter. (Annual self-certifications may be waived for developments where 100% of units are rent-restricted).
- Household size determination:
 - The unborn child of a pregnant person is included in the household size.
 - The pending adoption of a child is included in the household size.
 - Live-in care attendants are included for household size in determination of appropriate unit size, not income eligibility.
 - Foster care children and foster adults are included for household size in determination of appropriate unit size, not income eligibility. Payments received for their care are not considered income.

Tenant Asset Self-Certifications:

- All household members 18 years of age or older must self-certify assets at admission.
- Asset limits are up to \$250,000 for all households.

Lease Addendum:

- Initial lease terms must be for at least 12 months.
- Rent increases are not allowed during the lease term.
- The unit must be the household's primary residence. Sub-leasing, lease assignment, or unit transfer are not permitted.
- Termination of lease may only be for cause. Failure to provide information necessary for program administration – including income, asset, or household composition information – may be cause for termination.

Overcharged Rent:

- A unit is out of compliance if the rent exceeds the limit on a monthly or annual basis.
- A unit is considered back in compliance on the first day of the next calendar year if the rent charged on a monthly basis does not exceed the rent restriction limit.
- Any overcharged rents must be reimbursed directly to the household or applied as a rent credit.

Inspections:

- DCD reserves the right to inspect units at any time based on reports or communications received through any means.

Certifications:

- The owner must certify compliance with fair housing and civil rights laws.
- The owner must certify that it will not refuse to rent to households receiving rental or housing assistance.

Monitoring:

- The owner and/or agent shall submit annual compliance reports and affidavits using DCD-provided forms.
- Reports must include a tenant roster listing household, size, income, and rent for each rent-restricted unit.
- DCD will review submissions for compliance, may request additional information, and will require correction of any violations.

- DCD may conduct periodic sit visits to TIF-assisted developments. These visits may include interviews with staff, file reviews, unit inspections, and a tour of the property. DCD will prepare a written report of each visit.
- Required Forms to be submitted annually:
 - Tenant Application and Certification of Income and Self-Certification of Assets
 - Tenant Annual Self-Certification of Income
 - Owner's Affidavit of Continuing Program Compliance
 - Owner's Annual Unit Status Report

Enforcement:

- If the development does not meet minimum set-asides, enforcement actions may include:
 - Reduction and/or repayment of financial incentive or monetary obligation
 - Sanctions during or after financial incentive or monetary obligation term
 - Suspension and/or debarment from eligibility to receive City financial assistance for future projects

Close-Out / Certificate of Completion:

- At the end of the compliance period, DCD will issue a satisfaction of the LURA.
- The owner must request this satisfaction from DCD.

ATTACHMENT 3

Developer's Underwritten Occupancy Projections

[to be included once construction timing is finalized]

Exhibit 4

Economic Feasibility Study

Overview

The FORMA project (the “Project”) involves the new construction of a 6-story residential building located at 412 S. 4th St. (the “Building”) in the City’s Walker’s Point neighborhood. The Project will contain 65 apartments, all set aside for workforce housing.

The Project is being developed by New Land Enterprises (the “Developer”).

Financing Structure

In addition to the proposed TID contribution of \$2,975,000, each component of the project will have its own distinct funding sources.

Total estimated costs for the Project are approximately \$17.93 million. Funding for the Project includes a first mortgage and equity.

Current Property Value

The property in the district consists of 1 parcel with a total assessed value of \$404,100 which is the current base value of the District.

Projected Completed Value

The projected value of the Project upon completion is \$12,968,648. Construction completion is anticipated by late 2027/early 2028.

Other Assumptions

- Tax Rate: 2.2385%
- Interest Rate on Payments to Developer: 6.5%.
- Maximum Term of Payments: 24 years
- Annual Appreciation: 1%

District Cash Flow and Amortization of the Monetary Obligation

In a “pay-as-you-go” District, the Developer is accepting the risk that the District will generate sufficient incremental value to recapture the \$2,975,000 of costs, plus 6.5% interest, through future incremental revenue.

As shown in the projections on Table 1, forecasted tax incremental revenues are sufficient for the Developer to recover the proposed TID amount of \$2,975,000 plus interest in tax levy year 2048 (budget year 2049).

Table 1

TID Feasibility - Developer Financed								
	Assessment	Budget	Base	Projected	TID		Admin	
No.	Year	Year	Value	Value	Incremental Value	Increment	Costs	Net Increment
1	2025	2026	404,100	404,100	-	-	-	-
2	2026	2027	404,100	404,100	-	-	-	-
3	2027	2028	404,100	6,484,324	6,080,224	136,108	(10,000)	126,108
4	2028	2029	404,100	10,435,721	10,031,621	224,562	(10,000)	214,562
5	2029	2030	404,100	13,129,766	12,725,666	284,869	(10,000)	274,869
6	2030	2031	404,100	13,257,023	12,852,923	287,718	(10,000)	277,718
7	2031	2032	404,100	13,385,552	12,981,452	290,595	(10,000)	280,595
8	2032	2033	404,100	13,515,367	13,111,267	293,501	(10,000)	283,501
9	2033	2034	404,100	13,646,480	13,242,380	296,436	(10,000)	286,436
10	2034	2035	404,100	13,778,903	13,374,803	299,400	(10,000)	289,400
11	2035	2036	404,100	13,912,651	13,508,551	302,394	(10,000)	292,394
12	2036	2037	404,100	14,047,737	13,643,637	305,418	(10,000)	295,418
13	2037	2038	404,100	14,184,173	13,780,073	308,472	(10,000)	298,472
14	2038	2039	404,100	14,321,974	13,917,874	311,557	(10,000)	301,557
15	2039	2040	404,100	14,461,153	14,057,053	314,672	(10,000)	304,672
16	2040	2041	404,100	14,601,723	14,197,623	317,819	(10,000)	307,819
17	2041	2042	404,100	14,743,699	14,339,599	320,997	(10,000)	310,997
18	2042	2043	404,100	14,887,095	14,482,995	324,207	(10,000)	314,207
19	2043	2044	404,100	15,031,925	14,627,825	327,449	(10,000)	317,449
20	2044	2045	404,100	15,178,204	14,774,104	330,724	(10,000)	320,724
21	2045	2046	404,100	15,325,945	14,921,845	334,031	(10,000)	324,031
22	2046	2047	404,100	15,475,163	15,071,063	337,371	(10,000)	327,371
23	2047	2048	404,100	15,625,874	15,221,774	340,745	(10,000)	330,745
24	2048	2049	404,100	15,778,092	15,373,992	344,153	(10,000)	334,153
						6,633,199	(220,000)	6,413,199
Annual appreciation		1.00%						
Discount Rate		6.50%						
Base Value		404,100						
Projected Value		12,968,648						
Property Tax rate		2.238538%						
Developer Financed Costs		2,975,000						

Exhibit 5

Property Owners

Property Address	Tax Key	Owner Name
412 South 4 th Street	428-1181-000	Fourth & Florida LLC

Exhibit 6

City Attorney Letter

EVAN C. GOYKE
City Attorney

MARY L. SCHANNING
ROBIN A. PEDERSON
NAOMI E. SANDERS
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ELIZABETH K. MILES
LAURI A. ROLLINGS
Assistant City Attorneys

February 4, 2026

Lafayette L. Crump, Commissioner
Department of City Development
809 North Broadway, 2nd Floor
Milwaukee, WI 53202

RE: Project Plan for Tax Incremental District No. 131
(FORMA)

Dear Commissioner Crump:

Pursuant to your request, we reviewed the Project Plan for Tax Incremental District No. 131.

Based upon that review, it is the opinion of the City Attorney that the Project Plan is complete and complies with the provisions of Wis. Stat. 66.1105 (4)(f).

Very truly yours,


EVAN GOYKE
City Attorney

1050-2025-763

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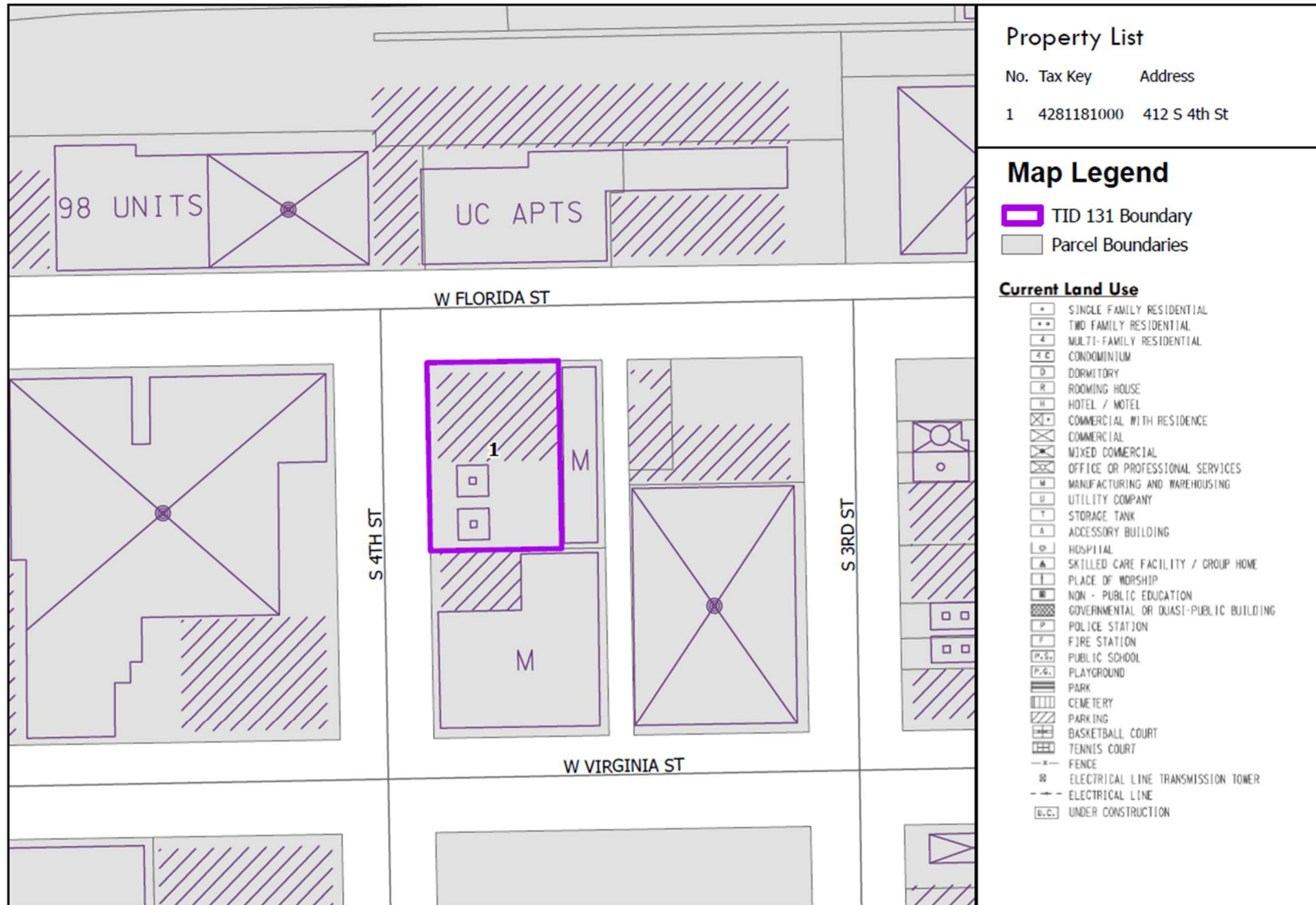


Map 1 Boundary and Existing Land Use

TID 131: FORMA, Map 1 Boundary and Existing Land Use

Prepared by the Department of City Development Planning Division, 1/29/2026. Source: DCD Planning Division; Information Technology Management Division

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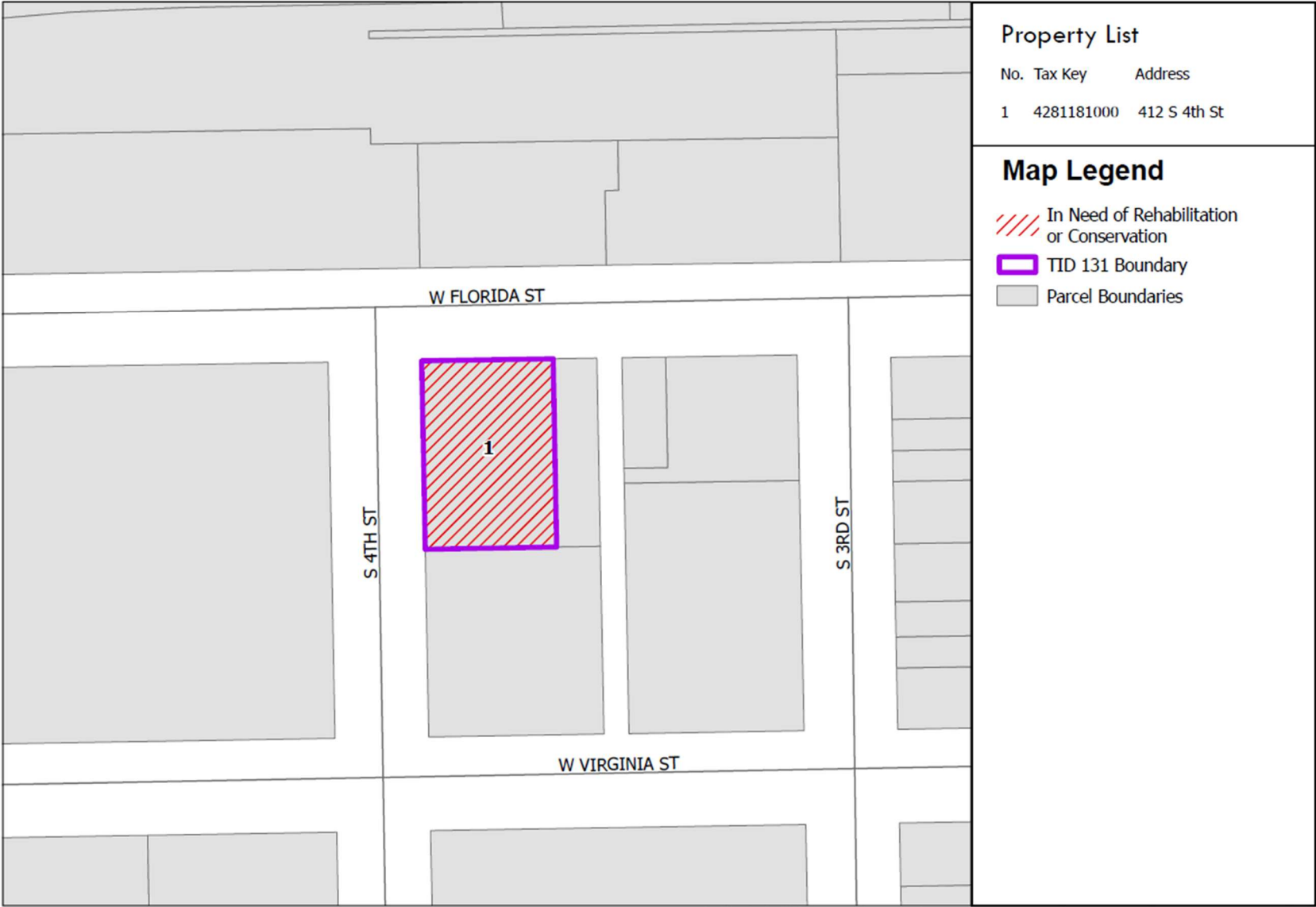
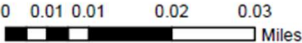


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Map 2
Structure Condition

TID 131: FORMA, Map 2
Structure Condition

Prepared by the Department of City Development Planning Division, 1/29/2026. Source: DCD Planning Division; Information Technology Management Division



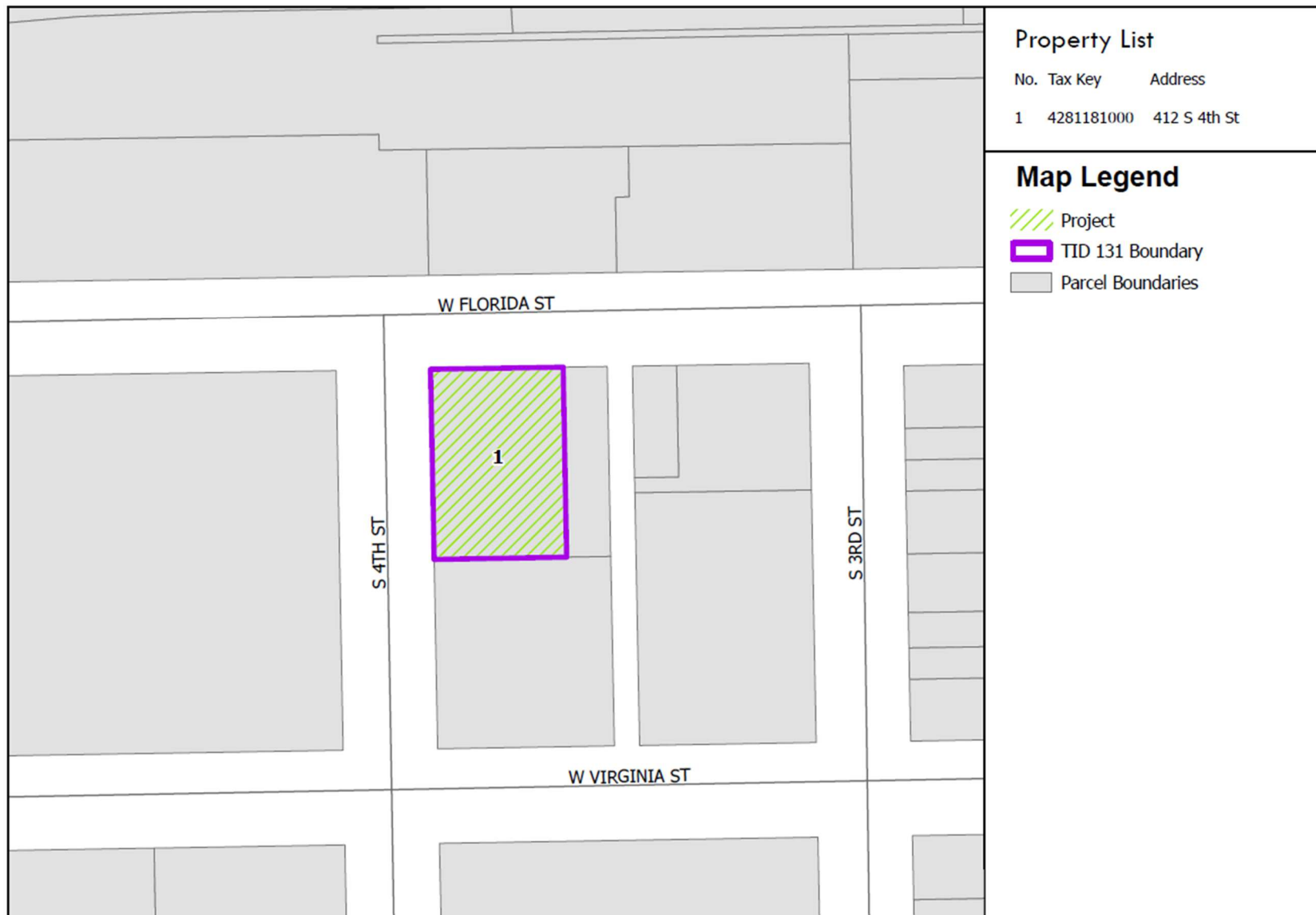
Map 3 Proposed Improvements & Uses

TID 131: FORMA, Map 3

Proposed Uses and Improvements

Prepared by the Department of City Development Planning Division, 1/29/2026. Source: DCD Planning Division; Information Technology Management Division

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Map 4 Existing Zoning

TID 131: FORMA, Map 4 Current Zoning

Prepared by the Department of City Development Planning Division, 1/29/2026. Source: DCD Planning Division; Information Technology Management Division

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