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May 22, 2025

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

RE: File 250153, TID 124 – Harambee Homeownership Initiative

Dear Committee Members:

File 250153 would approve the creation of Tax Incremental District (TID) 124, Harambee Homeownership Initiative (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) as well as confirmed pro forma data with the Assessor's Office. The Comptroller's Office analysis is based on the information provided.

The District is comprised of 193 scattered site parcels (approximately 1,159,408 square feet or 26.6 acres), generally bounded by West & East Burleigh Street, West Randolph Street, North 7th Street and North Buffum Street in the City's Harambee neighborhood. The Project consists of the new construction of 59 single family homes in four phases of completion between 2026 through 2029, all being developed on vacant City owned lots. Envision Growth will be building eight early childhood education homes & Habitat for Humanity will be constructing fifty-one homes to be sold for affordable home-ownership opportunities.

This is a collaboration of Envision Growth, LLC. ("Envision Growth"), Milwaukee Habitat for Humanity, Inc. ("Habitat for Humanity") and the Community Development Alliance, Inc. ("Community Development Alliance"). The Community Development Alliance is the Project Funder that will advance the \$2,850,000 of project costs and the one to be repaid.

The total estimated costs for the Project are \$17.5 million and this file authorizes an up to \$2,850,000 grant to the Developer to assist in funding a portion of these costs. The Developer will advance the \$2,850,000. The District will make annual payments to the Developer equal to the incremental taxes collected in the District, less an annual administration charge of \$7,500. The District's payments will terminate at the earlier of the repayment of \$2,850,000 plus 2.50% interest, or the payment derived from the 2049 levy payable in 2050 (year 25 of the District).

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 \$2,850,000 investment with interest.

DCD's feasibility study, completed by Ehlers Public Finance Advisors, which uses a constant 2.2215615% property tax rate, 1% inflation rate of new construction properties, and 0% for other properties over the life of the TID, forecasts that the Developer will fully recover the \$2,850,000 plus interest in 2049 after receipt of the 2048 levy. An analysis by the Controller's office with updated timetables of construction and Grants to Project provided by DCD, implies an earlier repayment by 2048 after receipt of the 2047 levy. However, if the tax rate does not remain constant, the Developer may not recover the entire \$2,850,000 plus interest. Nonetheless, because the Developer, not the City, assumes the repayment risk on their up to \$2,850,000 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%	2050*
95%	2049
100% (Base Case)	2048
105%	2047
110%	2046

** 2050 is the final year of the monetary obligation. The Developer would not fully recover their investment, plus interest, in this scenario.*

It is important to note that the payback year relates to the expected year in which the Developer will recover their investment. Since the Project will be financed by the Developer, the City is not at risk of losing the \$2,850,000.

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 homes and offer home-ownership opportunities for 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 Jesse Hagen at extension 5839.

Sincerely,



Bill Christianson, CPFO
Comptroller

CC: Lori Lutzka, Charles Roedel

BC:JH