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Office of the Comptroller

November 14, 2016

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

RE: File 160937, TID 89 – Garfield/North

Dear Committee Members:

File 160937 would approve the creation of Tax Incremental District (TID) 89, Garfield/North, along with the corresponding project plan and term sheet. We have reviewed the project plan, feasibility study and term sheet, and have had discussions with Department of City Development (DCD) staff. Our analysis is based on the information provided.

The proposed District includes six properties, totaling 2.3 acres, bordered by West North Avenue, West Garfield Avenue, North 4th Street and North 5th Street (the Property). All of the properties are owned by the City of Milwaukee and the Redevelopment Authority of the City of Milwaukee and the current (2016) assessed value is \$0. The six parcels will be combined into two lots and sold for \$1.00. The District boundary is located within TID 59 (Bronzeville).

The District is being created to partially fund two separate projects. The first project will renovate and convert the former Garfield School into a residential property creating 30 low income housing units (Historic Garfield School). The second project will demolish the former Black Holocaust Museum and Grant's Restaurant for construction of a four story, mixed use building containing 41 housing units (35 low income and 6 market rate units) and commercial space (the Griot). The Black Holocaust Museum will occupy 6,000 SF of the Griot's 8,000 SF of commercial space. The projects are being developed by a team comprised of Maures Development Group, LLC and J. Jeffers & Co., LLC (the Developer).

Total estimated costs for the project are \$16.6 million, \$7.1 million for the Historic Garfield School and \$9.5 million for the Griot. This file authorizes a \$1.435 million grant to partially fund the Developer's renovation, demolition and construction costs. The \$1.435 will be split between the two projects, \$700,000 for the Historic Garfield School project and \$735,000 for the Griot project. The Developers will advance the \$1.435 million. After substantial completion of each project, the District will make full payment to the Developer. If final project costs are lower than the \$16.6 million budgeted, the City's obligation to the Developer will be reduced by 50% of the cost savings.



Is This Project Likely to Succeed?

DCD's feasibility study, which uses a constant 2.935% property tax rate and 1% inflation rate over the life of the TID, forecasts the District will fully recover the \$1.435 million grant plus financing in 2042, after receipt of the 2041 levy (year 25). DCD's feasibility study appears reasonable based on the Comptroller's analysis.

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

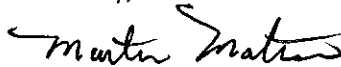
This proposed TID allows the City to provide incentive to the Developer for construction of additional Bronzeville neighborhood housing and will provide a home for the Black Holocaust Museum. Without City funding, this project may be delayed or not occur altogether, reducing the desirability of this area for future development.

Conclusion

The proposed TID provides the gap financing necessary for the Developer to construct 71 apartments and 8,000 SF of commercial space in an area that now contains two vacant buildings and four vacant lots. Completion of this project would add approximately \$3 million to the City's tax base.

Should you have any questions regarding this letter, please contact Melissa Fulgenzi at extension 2307.

Sincerely,



Martin Matson
Comptroller

CC: Maria Prioletta

MM/MRF