



Department of City Development
City Plan Commission
Redevelopment Authority of the City of Milwaukee
Neighborhood Improvement Development Corporation

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June 19, 2017

Members of the Joint Review Board for Milwaukee Tax Incremental Finance Districts:

Mark Nicolini, City of Milwaukee; Chair
James Tarantino, Milwaukee County
Jeffrey Hollow, Milwaukee Area Technical College
LaWanda Baldwin, Milwaukee Public Schools

Honorable Joint Review Board Members:

Re: 2016 Annual Report of Milwaukee's Tax Incremental Finance Districts

Enclosed is the Annual Report of Milwaukee's Tax Incremental Finance Districts (TIDs) for the year ended December 31, 2016. The report covers project accomplishments for each district, a summary of costs and revenues, and an estimate of when the district is likely to recover its project costs. The 2016 report also includes additional financial information; debt issuance interest costs, and any miscellaneous revenue generated by district activity (e.g., land sales, rents, loan repayments).

Given the extent of the report, this information may be accessed for each district at:

<http://city.milwaukee.gov/TaxIncrementalFinancing.htm>

The Common Council adopted 16 resolutions regarding Tax Increment District activity in 2016. Four resolutions created new Tax Increment Districts:

- File #151788 created TID #86: Germania. The district will fund \$1.5 million of extraordinary costs associated with rehabilitating the façade of the Germania building to historic standards and improving the storefront facades. This building was identified as an important catalytic project in the 2010 Downtown Area Plan Update that determined increased residential population essential to the Wisconsin Avenue Strategy.
- File #160112 created TID #87: Welford Sanders Lofts. The district will fund a \$1.2 million developer grant to assist in the historic renovation of the former Nunn Bush shoe factory in the Harambee neighborhood. The catalytic project will include 59 housing units and commercial space along the King Drive corridor.



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- File #160297 created TID #88: 4th & Wisconsin. The district is anticipated to fund \$8.0 million of public infrastructure for the Milwaukee Streetcar project upon award of a Federal grant. The physical boundary of the TID is centered on a two acre parcel currently owned by the Redevelopment Authority of the City of Milwaukee (RACM); the property is expected to benefit with significant development efforts spurred by the Streetcar routes.
- File #160937 created TID #89: Garfield & North. The \$1.435 million tax incremental district will eliminate blight by assisting in the rehabilitation of the historic Garfield Street School into a mixed use development with housing opportunities for area residents and commercial space to support local job creation. The project includes the demolition and redevelopment of the former Black Holocaust Museum and Grant's restaurant sites into a new construction portion of the mixed use development.

The City of Milwaukee dissolved two districts in 2016. TID #20: Florida Yards (file #160801) returned \$21.4 million of tax base to the tax rolls of Milwaukee's five taxing jurisdictions and TID #28: City Homes (file #160802) returned \$8.6 million of tax base to the tax rolls of Milwaukee's five taxing jurisdictions.

Per City of Milwaukee Ordinance 304-95-2, the project plans of TIDs may be amended to fund street-paving projects within one-half mile of the district boundary, providing there are sufficient funds to pay off the TID debt first and the TID is still within its allowable expenditure period. There were no TID plans amended in 2016 for this purpose.

Other district project plan amendments included Amendment No. 3 to TID #48: Park East (file #151547) to provide \$375,000 toward a workforce development program related to the Greater Arena Project's construction of a new Buck's arena, Public Plaza, and City Parking and mixed-use structure; Amendment No. 2 to TID #39: City Center Hilton (file #160288) to provide \$4.0 million for the Milwaukee Streetcar's 4th Street extension and preliminary engineering and planning for an extension to Bronzeville; Amendment No. 3 to TID #41: Time Warner Riverwalk (file #160299) to provide \$8.0 million for the Milwaukee Streetcar's 4th Street extension and preliminary engineering and planning for an extension to Bronzeville; Amendment No. 2 to TID #68: Fifth Ward – First Place (file #160416) to provide \$1,700,000 in additional project funding for Riverwalk, dockwall, and street stub end construction, and Amendment No. 4 to TID #48: Park East (file #160418) to increase funding for public improvements associated with The North End project by \$435,000 and provide \$1,598,000 for riverwalk, dockwall, and public access connections for the former Laacke & Joys redevelopment.

The City also approved files to provide additional funding included in prior amendments or project plans for TID #85: 6th and National (file #151790) for additional costs related to the reconstruction of South 5th Street between West Virginia Street and West Scott Street, and

TID #78: Northwest Mutual (file #160289) for additional public infrastructure and administrative expenses associated with the Lakefront Gateway project.

Finally, the City approved one-year extensions of TID #17: Curry Pierce (file #160744), TID #27: Clarke Square (file #160745), and TID #18: New Covenant (file #160746) to use the resulting tax increments from the 2016 levy to benefit affordable housing and to improve housing stock in the City of Milwaukee. These files provided an additional \$350,000 to the City's Strong Neighborhoods Program and Housing Trust Fund in the City's 2017 budget.

By the end of 2016 total incremental property value in all districts had grown by approximately 33.2% to \$1.5 billion. This represents 5.53% of the City's total property value in 2016. The significant increase in the total Tax Increment District property value is due to the tremendous increases within more recently formed TIDs, including TID #75 (Reed Street Yards); TID #78 (Northwestern Mutual); TID #80 (Posner Building); TID #82 (East Michigan); TID #83 (Broadway & Michigan), and TID #84 (West McKinley & Juneau).

In 2016, 8 of the active 50 districts (16%) decreased in value, fewer than in 2015 where 21 of 45 districts decreased in value. However, it should be noted that of the 8 districts where values decreased, 3 had value decreases of less than 5%. Other more significant decreases may reflect Department of Revenue value corrections for 2015 values, assessment appeals or site clearance to allow future development. In comparison, prior district performance includes a 60% decreased in value in 2012, 54% decreased in 2011, and 67% decreased in 2010.

Project costs remaining to be recovered through future tax incremental revenue, including debt service on outstanding bonds, or bonds to be sold, are now estimated at \$236 million. This does not include costs advanced by businesses or developers through developer financed districts.

A summary of districts estimated to recover their costs within the next two years is listed in the table attached to this letter. This table reflects the department's best estimates, but is subject to audit and, in some cases, may be impacted by the issuance of future debt to finance project costs already incurred. It is expected that all of these districts will be evaluated for paving and housing assistance amendments, adding up to two years to the estimated dates of closing.

If you have any questions related to this report, or the status of any Milwaukee Tax Incremental District, please contact David Schroeder of my staff at (414) 286-5933.

Sincerely,

Rocky Marcoux
 Commissioner

**Table A:
 Districts Estimated to Recover Project Costs within
 2016-2017 (Levy Year)**

District No.	District Name	Projected Year Project Costs are Recovered [1] (Levy Year)	2016 Incremental Property Value (\$ millions)	Comments
17	Curry Pierce	2016	\$1.2	Dissolve (2017)
18	New Covenant Housing	2016	\$1.1	Dissolve (2017)
27	Clarke Square	2016	\$8.7	Dissolve (2017)
50	Solar Paints	2016	\$2.3	Paving (2018)
61	Chase Commerce Center	2016	\$0.2	Dissolve (2017)
65	North 20 th /West Brown St.	2016	\$0.0	Receiving donations to insure cost recovery
66	Metcalf Park Homes	2016	\$0.0	Receiving donations to insure cost recovery

[1] Projected closing dates exclude possible paving & housing amendments.