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September 3, 2025

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

RE: File 250733, TID 129 – Mitchell Building

Dear Committee Members:

File 250733 would approve the creation of Tax Incremental District (TID) 129, Mitchell Building (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 confirmed pro forma details with the Assessor's Office. The Comptroller's Office analysis is based on the information provided.

The District is located at the southeast corner of North Water Street and East Michigan Street in the heart of Downtown Milwaukee. The entirety of the site overlaps a portion of existing TID No. 83 (Broadway & Michigan). The site is comprised of one parcel at 207 East Michigan Street and will be redeveloped by J. Jeffers & Co., LLC ("Developer"). The Developer is proposing to substantially and historically rehabilitate the largely vacant office building into a mixed-use development. This plan would result in approximately 5,000 square feet of ground-floor commercial space and 60 residential units above (the "Project"). Approximately 8% of units will be market-rate and the balance will be 40 studio and 15 1-bedroom apartments rented as workforce housing with incomes between 80-90% of the metropolitan area median income.

The total estimated costs for the Project are $24,210,000 and this file authorizes an up to $1,900,000 grant to the Developer to assist in funding a portion of these costs. The Developer will advance the $1,900,000. The District will make annual payments to the Developer equal to the incremental taxes collected in the District, less an annual administration charge of $10,000. The District's payments will terminate at the earlier of the repayment of $1,900,000 plus 6.40% interest (6.50% maximum), or the payment derived from the 2043 levy payable in 2044 (year 20 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 $1,900,000 investment with interest.

DCD's feasibility study, completed by Ehlers Public Finance Advisors, which uses a constant 2.2215615% property tax rate and 1% inflation rate over the life of the TID, forecasts that the Developer will fully recover the $1,900,000 plus interest in 2044 after receipt of the 2043 levy. However, if the tax rate does not remain constant, the Developer may not recover the entire $1,900,000 plus interest. Nonetheless, because the Developer, not the City, assumes the repayment risk on their up to $1,900,000 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 calculated by the Comptroller's office, which summarizes several scenarios to show the sensitivity of the projected incremental revenues within the District.

Sensitivity Analysis	
Percentage of Projected Revenue	District Payback Year
90%	2044*
95%	2044
100% (Base Case)	2043
105%	2042
110%	2041

** 2044 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 $1,900,000.

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 new mixed-use building that includes a commercial space and a mix of apartments, which will provide affordable housing options for people across a range of incomes. 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

Bill Christianson, CPFO
Comptroller

CC: Larry Kilmer, Charles Roedel

BC:JH