

**LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS**

**ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE**

**APRIL 27, 2010**

**Item 2, File #091666**

File Number 091666 is a resolution that facilitates the Villard Square housing/library project at N. 35<sup>th</sup> Street and W. Villard Avenue by approving blight designation of 5 properties for acquisition by the Redevelopment Authority, approving acquisition of the library condominium portion of the project by the Authority, approving a proposed lease between the Authority and the City for the library condominium unit, and authorizing the proper City officials to execute a cooperation agreement with the Authority to provide City capital funding for the library improvements, a lease agreement with the Authority (with option to purchase) and any other necessary legal documents.

**Background**

1. The Villard Avenue branch of the Milwaukee Public Library is a neighborhood library located at 3310 West Villard Avenue. The current structure, which dates from 1968, is functionally obsolete and in need of significant maintenance and systems upgrades.
2. Villard Square, LLC, a joint effort of the Northwest Side Community Development Corporation and Gorman & Company, Inc., has proposed the development of a 4-story, mixed-use residential/library project along the south side of the 3400 block of West Villard Avenue. The ground floor of the new building would house the relocated Villard Avenue library (approximately 12,000 square feet), while the upper 3 floors would contain 47 affordable rental housing units targeted towards intergenerational families with children in which parents are not the primary caregivers.
3. Total project cost for Villard Square is approximately \$10 million, with the library portion costing \$3.1 million. The developer will finance the housing component primarily with Federal Affordable Housing Tax Credits. The library portion will be financed with \$2.75 million in City capital funding (\$1 million from 2009 Budget, \$1.75 million from 2010), as well as a New Market Tax Credits loan to be obtained by the Redevelopment Authority of the City of Milwaukee ("RACM").
4. In order to secure New Market Tax Credits, RACM needs to own the library portion of the project. To achieve this, Villard Square, LLC, will divide the project into 2 condominium units upon completion -- one containing the housing portion, the other the library portion. The library portion will be conveyed to RACM, which will in turn lease it to the City with a City option to purchase.
5. On February 10, 2009, the Common Council adopted File Number 081373, a resolution authorizing the sale of the vacant, City-owned lot at 3427-29 W. Villard Avenue to Villard Square, LLC, for this project. The other 4 lots comprising the Villard Square site are privately-owned.
6. On July 28, 2009, the Common Council passed File Number 090214, an ordinance approving Detailed Planned Development zoning for the Villard Square project.

7. RACM participation in financing and ownership of the new library also requires that the properties on which development is to be located be declared blighted. RACM conducted a public hearing on the proposed blight designation of the 5 properties on April 15, 2010, and determined the properties to be blighted within the statutory meaning of that term.

### **Discussion**

1. This resolution affirms that the 5 properties comprising the Villard Square site are blighted within the statutory meaning of that term.
2. This resolution also approves acquisition of the library portion of the development by RACM. This approval enables RACM to own the property and to participate in project financing, particularly obtaining New Market Tax Credits for the project.
3. The resolution further approves a lease between RACM and the City for the library condominium unit portion of the project “as outlined in the Blight Designation Summary and Land Disposition Report” (i.e., no draft of the proposed lease is in the file at the present time). The term of the lease will correspond with the compliance period for New Market Tax Credits; the City will have the option to purchase the library portion after the tax credit compliance period ends. The “Blight Designation Summary & Land Disposition Report” indicates that the City will pay no rent to RACM, but will be responsible for all maintenance, repair and operation expenses for the library unit.
4. Finally, this resolution authorizes the proper City officials to execute various documents relating to the Villard Square project, including:
  - A cooperation agreement between RACM and the City to provide City capital funding for the library portion of the project.
  - The aforementioned lease-with-option-to-purchase agreement between RACM and the City for the library portion.
  - An agreement between the City and Villard Square, LLC, for use of 8 underground parking spaces by library staff.

### **Fiscal Impact**

As indicated on the fiscal note, this resolution authorizes the expenditure of \$2,750,000 in City capital funding for the library portion of the Villard Square project. These funds were included in the approved 2009 and 2010 City Budgets.

Prepared by: Jeff Osterman, X2262  
LRB-Research & Analysis Section  
April 26, 2010

c: Rocky Marcoux  
Martha Brown  
Bunky Miller  
Paula Kiely  
Taj Schoening  
Clifton Crump