

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

OCTOBER 6, 2009

Item 7, File #090235

File Number 090235 is a resolution approving a grant agreement between the City and the Redevelopment Authority through which the City will provide \$82,000 in tax incremental financing funds for improvements to the property at 608 W. Mitchell Street in Tax Incremental District No. 71 (Mitchell Street).

Background

1. On January 15, 2008, the Common Council adopted File Number 071132, a resolution creating Tax Incremental District No. 71 (Mitchell Street), approving its project plan and authorizing expenditures for the district. TID No. 71 encompasses 281 properties located along Mitchell Street and in the area extending one block north and south of Mitchell Street, between 5th and 16th Streets.
2. The proposed project plan calls for a variety of public improvements, programs and activities in the Mitchell Street TID with a total cost of \$3,118,000. Included in the project plan is the establishment of a \$1.5 million development fund to provide loans or grants as gap financing for catalytic private development projects in the district. This fund was established with the stipulation that any appropriations for development projects to be assisted with the fund shall be subject to separate Common Council approval.
3. Restoration and renovation of the vacant restaurant at 608 W. Mitchell Street has been identified as a catalytic project within TID No. 71.

Discussion

1. This resolution approves a grant agreement between the City and the Redevelopment Authority of the City of Milwaukee ("RACM") through which the City agrees to provide up to \$82,000 to RACM for the purpose of providing a grant to the owner of the property at 608 W. Mitchell Street. Funding for the grant will come from tax incremental revenues generated by TID No. 71. The resolution also directs the proper City officers to execute the agreement and the City Comptroller to establish the appropriate funds and accounts necessary to accomplish this transaction.
2. The term sheet for the grant to the owners of 608 W. Mitchell Street, Demetra Coupoulos and Thomas Littman, indicates that the total estimated project cost is \$164,000. The owners will borrow \$82,000 from Mitchell Bank. The City will provide the other \$82,000 through the TID funding granted to RACM by this resolution.

3. The project will consist of replacement of the entire façade of the building at 608 W. Mitchell Street, replacement of the restaurant's range hood and upgrading of the building's heating, ventilating and air conditioning system.
4. The term sheet further provides that the City's funding for the project shall be subject to pro-rated recapture if, at any time during the 10-year period following completion of the project, the project is sold and operated as something other than a restaurant.

Fiscal Impact

Adoption of this resolution will authorize the expenditure of \$82,000 in City capital funding (borrowing) which will be recovered through tax incremental revenues from TID No. 71.

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