DRAFT

Project Plan
For
Tax Incremental District Number
City of Milwaukee
(20th and Walnut)

Public Hearing Held: Redevelopment Authority Adopted: Common Council Adopted: Joint Review Board Approval:

> Prepared by Department of City Development June 2, 2005

In Conformance with the provisions Of Section 66.1105, Wisconsin Statutes, as Amended.

I. DESCRIPTION OF PROJECT

A. Introduction

Section 66.1105(4)(d), Wisconsin Statutes, requires the "preparation and adoption... of a proposed project plan for each tax incremental district." This Project Plan is submitted in fulfillment of this requirement and the related provisions of section 66.1105, Wisconsin Statutes.

B. District Boundaries

Tax Incremental District Number _____, City of Milwaukee, 20th and Walnut, is comprised of two parcels of land located between West Walnut Street, West Galena Street, North 20th Street and North 22nd Street. The District is shown on Map No. 1, "Boundary and Existing Land Use," and described more precisely in Exhibit 1, "Boundary Description." A complete list of properties in the District is provided in Exhibit 2, "Property Characteristics."

The District contains property totaling 435,332 square feet (10 acres), more or less, exclusive of public streets and alleys. All of the area and real property located within the District was found to be either "blighted" within the meaning of Section 66.1333 (2m)(b) or "in need of rehabilitation or conservation work" within the meaning of Section 66.1337(3), Wisconsin Statutes. Exhibit 2 illustrates how the properties in the District meet the statutory criteria for Tax Incremental Districts.

C. Plan Objectives

The 20th and Walnut area has been the center of significant new residential development activity on the near north side. CityHomes, the single-family subdivision located on the north side of Walnut at West 20th street, was developed by the City in 1997. The first phase of this development, containing 43 homes, served as the catalyst for creating interest and demand for new single-family infill housing in the City. Further development followed, including additional new single family housing surrounding CityHomes, as well as the successful infill efforts in the Lindsay Heights neighborhood, directly northeast of 20th and Walnut and the work of Habitat for Humanity in the area west of the 20th and Walnut intersection.

The notable exceptions to these development efforts have been the 5 acre commercial site located at on the south side of the 20th and Walnut intersection and a subsidized housing development located directly south of the site. The commercial site at 20th and Walnut is a privately owned property consisting of a 32,500 square foot vacant grocery store built in 1976. It was leased to Sentry foods, which closed this location in 2001. Marketing efforts have been unsuccessful and the site and has attracted little interest for commercial development. In its current state, the site is a detriment to the ongoing redevelopment of the area.

One of the major challenges associated with redevelopment of the site has been a 115 unit

subsidized apartment project (London Square), which borders the Sentry site to the south, and which in the past, because of its condition, had been considered an impediment to the redevelopment of the 20th and Walnut site. The apartment project has been purchased by a private developer and will be undergoing a major renovation that will significantly improve its appearance as well as the quality of its management.

The purpose of the District is to continue to spur revitalization in the area, by acquiring the vacant grocery store site and offering it for residential or mixed-use redevelopment and providing complementary public improvements on and surrounding the site. These efforts will assist in the implementation of the *Fond du Lac and North neighborhood plan*¹, which includes the redevelopment of the site as a "catalytic project" and a primary objective.

The more detailed objectives of this Project Plan are to:

- 1. Acquire the vacant grocery store site, and clear it for development.
- 2. Promote the coordinated development of underutilized property for appropriate retail, commercial/office, and or residential use.
- 3. Provide public improvements including, but not limited to, the provision of public infrastructure necessary for carrying out the objectives of the Plan that are not feasible without public/private cooperation, including, but not limited to, pedestrian amenities.
- 4. Impose mandatory standards for property development.
- 5. Remediate environmental conditions that my impede development.
- 6. Create new employment opportunities.
- 7. Make contributions to the Redevelopment Authority of the City of Milwaukee (RACM) under Section 66.431, Wisconsin Statues for site and project improvements and for related activities undertaken in connection with the implementation of this Project Plan.

D. Proposed Public Action

The City of Milwaukee may, on its own initiative or through a cooperation agreement with the Redevelopment Authority and/or other entities, undertake any and all project and site improvements and activities considered necessary to achieve project objectives and the commitment of private investment. This Plan is not intended to limit and shall not be interpreted as limiting the Redevelopment Authority in the exercise of its powers under Section 66.1333(5), Wisconsin Statutes, within the District. It is possible that future amendments to this District for other investments in this area will be proposed. In general, it is expected that the agreement will cover the following public activities:

¹ Prepared by Planning & Design Institute and adopted by the City of Milwaukee as part of their Comprehensive Plan on March 19, 2004.

- Acquisition and demolition of existing improvements and sale of the property,
- construction or reconstruction of streets, alley, and other facilities and utilities,
- vacation and/or opening of streets and alleys, in part or entirety,
- · investigation and remediation of environmental contamination, and
- any and all other project and site improvements or activities defined in sec. 66.1105(2)(f) 1., Wisconsin Statutes and considered appropriate and necessary for the achievement of project objectives and the commitment of private investment.

This Plan is not intended to limit and shall not be interpreted as limiting the Redevelopment Authority in the exercise of its powers under Section 66.431(5). Wisconsin Statues, within the District.

II. PLAN PROPOSALS

A. Statutory Requirements

Section 66.1105(4)(f), Wisconsin Statutes, requires that a Project Plan for a Tax Incremental District shall include:

"... a statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided in subsection (2)(f)1.k., outside the district, an economic feasibility study, a detailed list of estimated project costs, and a description of the methods of financing all estimated project costs and the time when the costs or monetary obligations related thereto are to be incurred. The plan shall also include a map showing existing uses and conditions of real property in the district; a map showing proposed improvements and uses in the district; proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances; a list of estimated non-project costs; and a statement of a proposed method for the relocation of any persons to be displaced. The plan shall indicate how creation of the tax incremental district promotes the orderly development of the city."

The plan shall also include an opinion of the City Attorney or of any attorney retained by the City advising whether such plan is complete and complies with Section 66.1105(4)(f), Wisconsin Statutes.

B. Compliance with Statutory Requirements

The following statements, maps and exhibits are provided in compliance with the statutory requirements.

- 1."Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements."
 - a. The plan includes the public works and improvements described in general below. The specific kind, number, and locations of public works and other

improvements will be based on detailed final plans, approved for the project and site development in consultation with the Department of Public Works. Public works will generally consist of improvements in the public right-of-way that will restore or upgrade public facilities and the public environment, including the reconnection of the street grid and will be supportive of and located adjacent to properties to be redeveloped.

Other improvements may include monetary contributions to RACM under section Wisconsin Statutes, for property acquisition, site clearance, and environmental testing and remediation.

- b. Based on preliminary planning and design concepts in connection with the implementation of this Plan, the following types of public works and improvements are potential project costs: The number and location of the proposed public works and improvements are shown on Map No. 3, titled <u>Proposed Improvements and Uses</u>, and are listed below:
 - (1) The area bounded by and including West Walnut Street, North 20th Street, North 22nd Street and West Cherry Street.

a) Site Acquisition \$ 950	0,000
M N MAN AND AND AND AND AND AND AND AND AND A	000,6
c) Remediation \$ 200	0,000
1) To 1.11 T. A	2,650
Subtotal \$ 2,491	,650
Less:	
Anticipated Sales Proceeds (\$ 200),000)
Grants (\$ 200	0,000)
Total \$ 2,09	1,650

2."Detailed List of Estimated Project Costs."

The kind, number, location and estimated costs of public works and improvements necessitated by this project as identified above, are based on preliminary plans and concepts developed in consultation with the Department of Public Works and as part of the preparation of the economic feasibility study for the District. These may be modified as to kind, number, location, and the costs reallocated at any time during project execution based on more definitive engineering studies and construction plans without amendment of this Plan.

The costs included in this subsection and detailed in Table "A" which follows are, without limitation hereof because of enumeration, claimed as eligible Project Costs as defined under Section 66.1105(2) (f) and, if appropriate, in any Cooperation Agreement (s) presently or subsequently entered into by and between the City of Milwaukee, the Redevelopment Authority of the City of Milwaukee, and/or eligible designated redeveloper(s), which agreements are incorporated herein by reference, provided further

that such expenditures are necessitated by this Project Plan.

These costs and cost estimates are more fully described as follows:

a. Capital Costs

A statement of the kinds of activities proposed for the project is included in subsection II.B.1. of this Plan. This category of costs includes those items which may be undertaken only in conjunction with Redevelopment Projects under provisions of Section 66.431, Wisconsin Statues, as determined during the course of project execution/implementation, and may also include the City's cost of grants to RACM.

b. Other Costs

This category of Project Costs includes estimates for administrative, professional, organizational and legal costs. Components of the "other costs" include, in general, costs of salaries and employee benefits for employees engaged in planning, engineering, implementing, and administering activities in connection with the tax increment district. Related costs of supplies, materials, contract and consultant services, rental of space and equipment, and the reasonable costs of City departments and agencies having oversight responsibilities due to the creation of this District. Such services include but are not limited to purchasing, property appraisals, personnel, legal, accounting, auditing, the provision of space and maintenance, and costs charged in accordance with an approved cost allocation plan.

c. Financing Costs

Financing costs include estimated gross interest expense on bonds that will be issued to pay for Project Costs. Estimates of bond interest are based on interest rates as set forth in the Economic Feasibility Analysis for this Project.

Table A
<u>List of Estimated Project Costs²</u>

A	Capital: Acquisition, Demolition, Remediation, Public Improvements (net)	\$2,091,650
В	Other: Administrative, professional, organizational and legal,	\$ 100,000
	Total Estimated Project Costs, excluding financing	\$2,191,650
С	Financing: Interest payment on tax-exempt bonds	\$1,157,828

² The City of Milwaukee and/or RACM reserve the right to make only those improvements and to undertake only those activities that are deemed economically feasible and appropriate during the course of project implementation and which are commensurate with positive growth in the tax increment.

3. "Description of Timing and Methods of Financing."

a. Estimated Timing of Project and Financing Costs

The Summary of Project Costs (Schedule "A" below) identifies the year in which actual expenditures for the cost of public works and improvements described in this plan is expected to be incurred. This schedule anticipates the time costs will be incurred, not the time contracts or other obligations may be entered into. The estimates presented are subject to change as actual circumstances during the project execution period may require. However, all expenditures will be made prior to the year 2027 pursuant to the provisions of s. 66.1105(6)(am), Wisconsin Statutes.

Schedule A
<u>Estimated Timing of Project Costs</u>

Year	Estimated Project Cost	Cumulative Total	
2005	\$979,000	\$979,000	
2006	\$1,212,650	\$2,191,650	

b. Estimated Method of Financing Project Costs

Sale of General Obligation Bonds: \$2,191,650³

The estimated method of financing may be subject to change during the project period. Consequently, the method identified may, as circumstances warrant, be redefined and the dollar amount adjusted without formal modification of this Plan during the course of project implementation.

The funding source for payment of financing costs will be from tax increment revenues pursuant to Section 66.1105(6)(c), or from other funds ordinarily used for payment of borrowing obligations. It is the City's intent to maximize the use of TIF funds for the cost of City participation in this project.

4. "Economic Feasibility Study."

The Economic Feasibility Study for this District, prepared by the Department of City Development and titled *Economic Feasibility Study: Tax Increment District No.*(June 2, 2005) is on file in the Office of the Redevelopment Authority of the City of Milwaukee, 809 North Broadway, Milwaukee, Wisconsin, and in the Office of the City Clerk of the City of Milwaukee, 200 West Wells Street, Room 205, Milwaukee Wisconsin, as attached to Common Council Resolution File Number ______. The study

³ Excluding capitalized interest.

is incorporated herein by reference. The study establishes the dollar value of project costs which, based on certain general assumptions and a reasonable margin of safety, can be financed with the revenues projected to be generated by the proposed tax incremental district.

Based upon the anticipated tax incremental revenue to be generated by this project, the District is financially feasible and is likely to be retired on or before the year 2028. Should incremental revenues be generated in excess of those currently anticipated, they will be used to offset the public costs of Plan implementation.

5. "Map Showing Existing Uses and Conditions."

Please refer to Map No. 1, "Boundary and Existing Land Use," and Map No. 2, "Structure Condition," in the Exhibits Section, which follows.

6. "Map Showing Proposed Improvements and Uses."

Please refer to Map No. 3, "Proposed Improvements and Uses," in the Exhibits Section which follows.

7. "Proposed Change of Zoning Ordinances, Master Plan, Building Codes and City Ordinances."

Please refer to Map No. 4, "Existing Zoning," and to Map No. 5, "Redevelopment Project Areas." While the existing local business zoning (L/B/20) along West Walnut would allow for a variety of residential uses, it is expected that this zoning could be changed to a residential zoning category that would be consistent with the proposed redevelopment of the site, as well as the City's Fond du Lac and North Neighborhood Plan. Otherwise, the present zoning ordinances, master plan, building codes, and other city ordinances; the project will not require amendments to their provisions.

8. "List of Estimated Non-Project Costs."

None.

9. "Proposed Method for Relocation."

No occupied properties are currently identified for acquisition in this plan, and therefore no individuals or families are to be displaced. If, at a later date, RACM determines that relocation will be necessary, the cost and method of relocation will be included in a Redevelopment Plan and associated Relocation Plan prepared pursuant to sec. 66.1333 and sec. 32.05, Wis. Stats. The costs of such activities will be eligible for reimbursement through tax increment revenues should such revenues be generated during the statutory life of the District.

10. "Statement Indicating How District Creation Promotes Orderly City Development."

The proposed District is consistent with the recommendations contained in the Fond du Lac and North Neighborhood Plan and with the prevailing zoning in the surrounding area. The redevelopment of the site has also been identified as "a catalytic project" in the Fond du Lac and North Neighborhood Plan, which was adopted as part of the comprehensive plan of the City of Milwaukee in 2004. It will support the past and ongoing residential redevelopment efforts in the surrounding neighborhood.

11. "Opinion of the City Attorney."

Please refer to the letter of the City Attorney, dated , 2005 in the Exhibits Section.

EXHIBITS

Exhibit <u>Title</u>

Exhibit 1 Boundary Description

Exhibit 2 Property Characteristics

Map 1 Boundary and Existing Land Use

Map 2 Structure Condition

Map 3 Proposed Uses and Proposed Improvements

Map 4 Existing Zoning

Map 5 Redevelopment Project Areas

Attachment 1 Assessment Commissioner's Letter (in preparation)

Attachment 2 City Attorney's Letter (in preparation)

Exhibit 1
Boundary Description
TID No.
20th and Walnut

Located in the Southwest ¼ of Section 19, Town 7 North, Range 22 East, beginning at the intersection of the center line of North 20th Street and West Walnut Street, which point is on the east line of said quarter section approximately 203 feet south of the Northeast corner of said corner section;

Thence South approximately 805 feet to a point parallel to the South line of the East-West alley in the block bounded by North 20th Street, West Cherry Street, North 21st Street and West Galena Street;

Thence West along the south line of the East-West alley approximately 300 feet to the East line of North 21st Street;

Thence South along the East line of North 21st Street approximately 160 feet to the center line of West Cherry Street;

Thence West along the center line of West Cherry Street approximately 363.36 feet to the center line of North 22nd Street;

Thence North along the center line of North 22nd Street approximately 965.82 feet to the center line of West Walnut Street;

Thence East along the center line of West Walnut Street approximately 634.15 feet to the point of beginning.

Exhibit 2
Property Characteristics
TID No.

Blight or in	Need of Nellan	180,077	40,000	215,255
Vacant		0	0	0
Lot Area		180,077	40,000	215,255
2005 Assessed Lot Area	Value	\$790,600	\$21,700	\$3,481,000
2005 Assessed	Lais vaic	\$103,400	\$24,000	\$115,000
	Owner	20th & Walnut Investment Group	20th & Walnut Investment Group	2101 West Galena
	Property Address	2101 West Walnut Street	2005 West Walnut Street	2101 West Galena Street 2101 West Galena
(20th and Walnut)	Tax key	3642107110	3642117110	3642144111

Sources: City of Milwaukee Assessor's records, property records









