

## LRB-FISCAL REVIEW SECTION ANALYSIS

SEPTEMBER 20, 2005 AGENDA  
ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

ITEM 11, FILE 050395  
EMMA J. STAMPS

File #050395 is a resolution approving a Project Plan and creating a Tax Incremental District (Bronzeville Cultural and Entertainment District) in the 6<sup>th</sup> Aldermanic District. (DCD)

### **Background and Discussion**

1. A February 2005 CH2M Hill market study indicates that the City needs to play an active role in fostering continuing community input affecting the Bronzeville area's development, resolving various neighborhood traffic flow, parking, and other important commercial development issues.
2. File 050395 approves the Project Plan and creation of TID No. \_\_\_, Bronzeville Cultural and Entertainment District to assist in the development of an African American cultural and entertainment district, and provide business grants and grants to residents to purchase and rehab homes in the qualifying areas of the District.
3. The project covers 170 acres over an area extending from W. Garfield Avenue to W. Center Street and N. 7<sup>th</sup> Street to N. Martin L. King Drive, including a narrow north-south segment encompassing the blocks on either side of N. Martin L. King Drive from W. Lloyd Street to W. Burleigh Street.
4. Including site acquisition, the estimated project budget equals \$7,485,000.
5. The Comptroller's letter outlines the estimated TID budget totaling \$4.5 million, which includes \$1 million for Land Acquisition, \$1 million for Business Loans/Grants, \$500,000 for Home Purchase/ Rehab, \$500,000 for Residential Assistance Grants, \$250,000 for Rehab MPS Public School (Garfield Avenue), \$488,500 for public improvements, and \$300,000 in Marketing and Administration costs according to the Comptroller. There are no income limits. The public improvements, marketing and administration costs are tax-exempt.
6. There is no developer proposal to evaluate the probable success of this TID, therefore, property value growth from grants and loans made under TID No. \_\_\_ will determine its success.
7. The Comptroller recommends that DCD update the Market Study to (1) expand it by including the entire proposed TID; and (2) develop relevant job creation and retention goals for the TID. The Comptroller also asserts "by itself the current TID plan may not be sufficient to accomplish a major revitalization of the entire Bronzeville area."
8. If adopted, TID No. \_\_\_ (Bronzeville Cultural and Entertainment District) is expected to retire by 2023.

## **Fiscal Impact**

1. Adopting this file authorizes the creation of a \$3,431,500 TID No. \_\_\_\_ (Bronzeville Cultural and Entertainment District).
2. The ratio of forgivable loans to repayable loans will impact project revenues. The Cooperation Agreement will contain standards including the use of project revenues, which may be in the form of loan/grant repayments. In general, project revenues will be used to reduce the City's cost under the TID Project Plan.
3. Only business loans exceeding \$100,000 will be subject to review by the Comptroller and require Common Council approval; all others are subject to DCD Commission/RACM Executive Director approval only and may be subordinated to conventional lenders.
4. The NIDC, an agency administered by DCD, will run the residential loan and grant programs. The TID can leverage investments against CDBG and HOME allocations to rental rehab programs.
5. 5-year forgivable loans are not subject to income limits, but may be made only to families who have not previously built 1-2 family owner-occupied homes in the District. The rental rehab program will be available to qualifying 1-4 unit owner-occupied, rental and mixed-use dwelling property owners. Owners living within 3 blocks of their rental property are not required to match the city contribution.

cc: Marianne Walsh  
W. Martin Morics  
Michael Daun

James Scherer  
Rocky Marcoux  
Mark Nicolini  
Martha Brown

Prepared by: Emma J Stamps x 8666  
LRB-Fiscal Review Section  
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