



Department of City Development

Housing Authority
Redevelopment Authority
City Plan Commission
Historic Preservation Commission
NIDC

Rocky Marcoux
Commissioner

Martha L. Brown
Deputy Commissioner

October 31, 2005

Alderman Jim Bohl
Common Council, Room 205
Milwaukee, WI 53202

Dear Ald. Bohl:

I am writing in response to several questions you posed of the Department of City Development in a letter dated September 29, 2005. You and I have talked on the telephone regarding issues related to the redevelopment of the Hartung Quarry in your district, but I wanted to provide you with written responses to your request for use in discussions with neighbors and residents of your district.

Your first question relates to the potential for acquisition and demolition of five four-family residences located at 3450, 3460, 3461, 3471 and 3479 N. 99th Street. You will find attached two potential scenarios for acquisition costs that indicate a total of \$1.8 – 1.9 million for acquisition, demolition and relocation of the tenants of these properties. As you may know, any acquisition involving public resources, whether through negotiated sale or eminent domain, would necessitate relocation of the tenants into comparable housing. The relocation costs are included in the cost information attached to this letter, and these are most often borne by the city or the Redevelopment Authority without any assistance by the Housing Authority.

You also inquired about possible vehicles for acquisition of these properties. Private negotiations are possible, but would not ensure acquisition of all the buildings. Eminent domain is the only vehicle to ensure acquisition of all the properties and both the City and Redevelopment Authority have such power. The Redevelopment Authority uses "blight elimination" as the basis for its condemnations, but blight designations would likely result in legal challenges from the property owners and thus increase acquisition costs. The City condemnation powers may require a public purpose that may also be subject to legal challenge and expense. Further, in the wake of the recent *Kelo vs. New London* decision by the U.S. Supreme Court and the sensitivity of the eminent domain issue as a matter of public policy at all levels of government, I advise caution in further exploration of eminent domain as a tool for acquiring private property for another private development. The Redevelopment Authority exercises eminent domain as a tool of last resort and we must be judicious in its use. Several pieces of legislation limiting the use of eminent domain are currently under review in the Wisconsin State Legislature and at the federal level.

The Hartung Quarry could be a candidate for a TID, especially since some infrastructure, public improvements and extraordinary environmental or geotechnical costs may be involved in any redevelopment of the site. Assuming that the base value for the sites of new homes would be zero, and assuming eight new homes valued at \$300,000 could be built on the quarry site, approximately

\$600,000 in borrowing could be supported by the increment generated by the new residential development. If the current sites of the four family units were demolished and replaced with single family homes of similar assessed value, no additional increment would be generated to support additional borrowing.

As you can see, it is highly unlikely that the increment generated from potential new development could finance acquisition of the four family units you cite, especially since infrastructure and site costs may need to be borne by the TID as well.

I hope this information is useful for your continuing discussions with the neighborhood about the Hartung Quarry and potential redevelopment of this site. We will continue to assist in whatever way we can as plans move forward for the future of the Hartung Quarry.

Sincerely,



Joel T. Brennan
Redevelopment Authority of the City of Milwaukee