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July 15, 2024

Members of the Zoning, Neighborhoods
& Development Committee
City of Milwaukee
City Hall, Room 205
Milwaukee, WI 53202

RE: File 240382, TID 121 – Bronzeville Arts & Tech Hub

Dear Committee Members:

File 240382 would approve the creation of Tax Incremental District (TID) 121, Bronzeville Arts & Tech Hub (the "District"), along with a corresponding project plan and term sheet. The Comptroller's Office has reviewed the project plan, feasibility study, and term sheet and has had discussions with the Department of City Development (DCD) and the Assessor's Office. The Comptroller's Office analysis is based on the information provided.

The proposed district currently contains eight parcels owned by The Redevelopment Authority of the City of Milwaukee, which will be consolidated into a single parcel located at the northwest corner of West North Avenue and North 6th Street. The site will be redeveloped to include residential and commercial components comprising two condominium units. The first component is a residential area that will include 60 affordable apartment units with one, two, three, and four bedrooms, catering to individuals with incomes between 30% - 60% of the Area Median Income. Additionally, there will be 12 market-rate units, eleven walk-up units, three being live-work residences for entrepreneurs and a community service facility. The commercial component will accommodate non-profits, creative industry start-ups, and entrepreneurs. This space will also feature an office, co-working area, studio, production and performance space, a café, and public outdoor space.

The first condominium unit, to be owned by Bronzeville Apartments, LLC, constitutes the residential component and is considered the "Project."

FIT Investment Group, LLC and Lutheran Social Services, collectively the Developer, are undertaking the development of the Project. The total estimated costs for the residential and commercial components amount to \$28,700,000, with \$18,200,000 allocated to the residential component, i.e. the "Project." This file authorizes an up to \$700,000 grant to the Developer to assist in funding a portion of these costs. The City will make payments

to the Developer using one hundred percent of incremental tax revenue collected from TID No. 121, after deducting Annual Expenses, to reimburse the Project Owner for costs incurred for the Project through payments on the Monetary Obligation for a duration not exceeding 19 years.

Is This Project Likely to Succeed?

As a Developer-financed TID, the Developer assumes the risk that the proposed District will generate sufficient incremental revenue to recapture its up to \$700,000 investment with interest.

DCD's feasibility study completed by Ehlers Public Advisors, which uses a constant 2.1214% property tax rate and 1% inflation rate over the life of the TID, forecasts that the Developer will fully recover the \$700,000 plus interest in 2043 after receipt of the 2042 levy. However, if the tax rate does not remain constant, the Developer may not recover the entire \$700,000, plus interest. Nonetheless, because the Developer, not the City, assumes the repayment risk on their up to \$700,000 contribution, the proposed TID to the City is economically feasible.

Sensitivity Analysis

There is inherent risk in every projection of future results. One common way to evaluate this risk is to provide sensitivity analysis, which forecasts the impact that different assumptions have on the projection. Below is a table, which summarizes several scenarios to show the sensitivity of DCD's projected incremental revenues within the District.

Sensitivity Analysis	
Percentage of DCD Projected Revenue	District Payback Year
90%	2043*
95%	2043*
100% (Base Case)	2043
105%	2041
110%	2040

** 2043 is the final payback year, levy year 2042, of the City's monetary obligation, which is year 19.*

It is important to note that the payback year relates to the expected year the Developer will recover their investment. City payments on the monetary obligation will terminate when paid in whole or in the year 2043, whichever comes first. This stipulation remediates the City's risk.

Is the Proposed Level of City Financial Participation Required to Implement the Project?

This proposed TID allows the City to provide incentive to the Developer to develop the Property while minimizing the City's involvement and risk.

Conclusion

The proposed TID provides incentives for the Developer to construct a residential and commercial space for residents in the City. The Developer will assume the financial risk, and the Project should increase the City's tax base.

Should you have any questions regarding this letter, do not hesitate to contact Nuducha Yang at extension 2354.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Christianson". The signature is fluid and cursive, with the first name "Bill" and last name "Christianson" clearly distinguishable.

Bill Christianson, CPFO
Comptroller

CC: Lori Lutzka, Alyssa Remington, Gloria Lucas, Joshua Benson, Charles Roedel

BC:NY