

PROJECT PLAN
for
TAX INCREMENTAL DISTRICT NUMBER 44
CITY OF MILWAUKEE
(Walnut-Locust Neighborhood Improvement Fund)

City Plan Commission
of the
City of Milwaukee
Milwaukee, Wisconsin

Prepared by
Department of City Development

in conformance with the provisions
of Section 66.1105, Wisconsin Statutes,
as amended.

May 2001

I. DESCRIPTION OF PROJECT

A. Introduction

Section 66.1105(4)(d), Wisconsin Statutes, requires the "preparation and adoption by the planning commission 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 44, City of Milwaukee, (TID 44 and/or District) is an area generally bounded by West Locust Street, North 12th Street, West Walnut Street, and North 20th Street on the near north side of Milwaukee. The District is shown on Map No. 1, "Boundary and Existing Land Use," and described more precisely in Exhibit 1, "Boundary Description." The area consists solely of whole units of property as are assessed for general tax purposes and which are bounded on one or more sides by city street right of ways. A complete list of properties in the District is provided in Exhibit 2, "Property Characteristics."

The District contains property totaling 312 acres, more or less, exclusive of public streets and alleys. Approximately 249 acres or 79.8 percent by area, of the real property located within the District was found to be "blighted" within the meaning of Section 66.1105(2)(a), Wisconsin Statutes and/or "in need of rehabilitation or conservation work" within the meaning of Section 66.435(3), Wisconsin Statutes. Exhibit 2 illustrates how the properties in the District meet the statutory criteria for Tax Incremental Districts. (See Notes to exhibit 2 for further explanation of vacancy/blighted designations.)

C. Plan Objectives

Since 1995, several partners have been collaboratively working to improve housing conditions in Neighborhood Strategic Planning Area 10, an area bounded by West Locust Street, West Walnut Street, I-43, and North 20th Street.

One of their primary strategies was a demonstration project, known as "Lindsay Heights", to produce new affordable homes on vacant scattered site lots within the area. Additional efforts included providing resources and incentives to existing homeowners to improve their properties. To date, much has been accomplished, including:

- 30 new homes have been completed or are under construction – representing over \$3 million of new investment
- 122 homes have been rehabilitated through the City's and YMCA rehab programs, representing investment of over \$2.2 million
- 31 vacant homes have been rehabilitated and sold to owner occupants under the YMCA's homeownership program, representing new investment of over \$3 million

- 440 homes have received Paint and Fix up grants totaling over \$300,000
- Property values in the neighborhood have increased by 26.4% since 1996, and momentum is present for significant additional development.

Building on these efforts, the City of Milwaukee, the Wisconsin Housing and Economic Development Authority (WHEDA), local stakeholders, community organizations, and residents have worked to create a realistic vision for the Lindsay Heights Neighborhood that will help guide future development in a long term and sustainable manner.

To implement the plan, as well as accelerate development efforts, the partners are proposing the creation of a Neighborhood Improvement Fund (NIF) within the Lindsay Heights neighborhood to create additional resources for development and preservation efforts. The NIF is based on a similar project in Chicago, which used the incremental tax revenues created from natural appreciation of properties in two neighborhoods to provide resources to neighborhood property owners for housing rehabilitation activities. The Chicago NIF was front funded by a loan from several local lenders that was partially guaranteed by Local Initiatives Support Corporation (LISC). It is important to note that the proposed NIF is one tool in a comprehensive neighborhood redevelopment effort.

The partners developed the following mission statement and objectives for this Project Plan and their neighborhood redevelopment efforts:

Mission

The mission of the Lindsay Heights collaborative is to work cooperatively with community-based organizations, stakeholders, and residents to improve the quality of life for Lindsay Heights neighbors by promoting and initiating new development and by redeveloping existing properties.

Objectives

- Construct new housing on vacant land using a clustered development approach.
- Make resources available to residents and responsible landlords for the maintenance and improvement of their properties.
- Encourage increased homeownership through the renovation and marketing of existing housing.
- Identify opportunities for improvements in the public realm that will complement and support housing and commercial development activities.
- Work collaboratively and coordinate activities with the stakeholders of NSP 10 to insure that the Lindsay Heights Neighborhood Initiative complements ongoing efforts to improve the

quality of life in the neighborhood.

- Identify opportunities for partnerships with local school initiatives that will strengthen and support development and homeownership efforts.
- Identify, seek out and obtain new sources of financing to support the Initiative's neighborhood revitalization efforts.

D. Proposed Public Action

Funds generated from the TID will be used for the following purposes:

Grants of \$10,000 to buyers of newly constructed owner occupied homes. No income limits would apply.

Initial Goal: 20 new homes annually – 60 homes built over three years
(Additional activity possible based on demand and performance)

Forgivable loans of up to \$15,000 for existing property owners for exterior home improvements. No income limits would apply.

Initial Goal: 25 homes rehabilitated annually with TID dollars – 75 homes renovated over three years
(Additional activity possible based on demand and performance)

The NIF program would be administered by the City's Neighborhood Improvement Development Corporation (NIDC) and the YMCA's WAICO-YMCA Housing Initiative. Both are experienced in operating similar programs, as well as in the rehabilitation and development of residential properties. Property owners will receive technical assistance in preparation of a scope of work, the bidding process and construction oversight.

Credit counseling, home maintenance training, and landlord training will be encouraged, and in some cases, required.

Initially, the District will fund an estimated \$1.6 million grant to NIDC. The District will also fund approximately \$150,000 in administrative and other costs.

While the grant to NIDC and/or other partners is expected to be the principal means of achieving the objectives of this Plan, the City of Milwaukee may, on its own initiative or through a cooperation agreement with the Redevelopment Authority of the City of Milwaukee (RACM) 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.

II. PLAN PROPOSALS

A. Statutory Requirements

Section 66.1105(4)(f), Wisconsin Statutes, requires that a Project Plan for a Tax Incremental District as adopted by a planning commission and submitted to the local legislative body 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"

In general, all appropriately sized and zoned vacant parcels in the District are potential sites for TID supported new housing development. All existing homes are potential sites for the forgivable home improvement loans. However, to maximize the beneficial effects of new investment on surrounding properties and to support the general appreciation of properties in areas receiving assistance, the grants and loans will be marketed in specific "clusters" within the district.

The cluster strategy is described in the report titled *Lindsay Heights Revitalization Program*, November 2000, prepared for the City by Planning and Design Institute, Inc. The strategy proposes several geographic "clusters" in which development activities are prioritized. The clusters have been identified based on the availability of City owned land and proximity to other recent development. The approach is designed to create an immediate and very visible impact in the neighborhood and create a level of neighborhood confidence that encourages additional investment. Similar to a phased development, as a critical mass of development activity is created within a cluster, efforts will turn to new clusters.

Two initial clusters have been identified. One is an area directly east and adjacent to the existing CityHomes Development, and one overlaps the area comprising the majority of the ongoing Lindsay Heights new construction activity.

In addition to the clusters, two sub-districts have been identified. In these sub-districts, infrastructure, in the form of new or significantly improved streets and alleys are needed to make developable home sites. It is proposed that, in these sub-districts, the tax increment be used to pay for the essential infrastructure, not the repayment of the TIF loan for new construction grants and home rehabilitation loans throughout the larger District.

Please refer to Map No. 3, titled Proposed Uses and Improvements, for the locations and priorities of the clusters and sub-districts.

2. "Detailed List of Estimated Project Costs"

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 in any Cooperation Agreement (s) presently or subsequently entered into by and between the City of Milwaukee, NIDC, and/or the Redevelopment Authority of the City of Milwaukee, which agreements are incorporated herein by reference, provided further that such expenditures are necessitated by this Project Plan.

The kind, number, location and estimated costs of public works and improvements necessitated by the project as described above, are based on preliminary plans and concepts developed in consultation with the collaborating agencies 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.

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 III.B.1. of this Plan.

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. These costs are estimated at \$150,000.

c. Financing Costs

Financing costs include estimated gross interest expense on the loan that is capitalizing the NIF. Estimates of interest are based on interest rates as set forth in the Economic Feasibility Analysis for this Project.

Table A
List of Estimated Project Costs¹

A	Capital Grant to NIDC for grants for construction of new homes and forgivable loans for the rehabilitation of existing homes: \$1,575,000	\$1,575,000
B	Other Administrative, professional, organizational, and legal: \$150,000	\$150,000
	Total Estimated Project Cost, excluding financing:	\$1,725,000
C	Financing Interest on bonds or contribution agreement	\$1,027,300

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 2008, pursuant to the provisions of s. 66.1105(6)(am), Wisconsin Statutes.

Schedule A
Estimated Timing of Project Costs

Year	Estimated Project Cost	Cumulative Total
2001	\$575,000	\$575,000
2002	\$575,000	\$1,150,000
2003	\$575,000	\$1,725,000

b. Estimated Method of Financing Project Costs

General obligation bonds or the proceeds of a cooperation agreement: \$1,725,000²

¹ The City of Milwaukee and NIDC 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.

² Excluding capitalized interest, if any.

Financing for the District's project costs will be accomplished through one of three methods:

1. The issuance of tax-exempt and taxable general obligation bonds. Or:
2. The proceeds of a Cooperation and Contribution agreement with LISC, which would, in turn, borrow the funds from a consortium of local financial institutions. Under this approach, the City would repay to LISC only an amount equal to the actual tax incremental revenue received in the District each year. Or:
3. The proceeds of a Cooperation and Contribution agreement directly with the participating banks. The repayment obligation would be the same as no. 2 above, except the interest rate would be based on the tax-exempt rate. This approach is currently under legal review.

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. 44, May 2001*, is on file in the Office of the City Plan Commission, 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 001778. The study 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, could 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 in the year 2013, before its required termination date of 2021. 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 Uses and Improvements" 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,"

The existing zoning is principally Residential ("R/A", "R/C", or "R/D") with Local Business ("L/C" and "L/D") zoning along arterial streets within the District. The construction of new homes on

existing vacant sites that are zoned for residential use and the rehabilitation of existing homes are consistent with the current zoning in the District. Therefore no change to the present zoning ordinances, master plan, official map, building codes, or other City ordinances is necessary to accomplish the purposes and intent of this Plan.

8. "List of Estimated Non-Project Costs"

TID dollars would be leveraged by other resources currently available. These resources would be available to property owners throughout the area to encourage a continuing climate of reinvestment. In addition, the partners are actively working to seek additional resources to assist in rehabilitation and development.

9. "Proposed Method for Relocation"

This Plan does not provide for the acquisition of private property through condemnation by the City of Milwaukee or RACM and, accordingly, no relocation activities or expenditures for relocation payments or services are provided.

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

On May 14, 2001, the City Planning Commission determined that the proposed TID is consistent with and will help implement the Comprehensive Plan of the City of Milwaukee. The proposed TID will also assist the implementation of recommendations in the *Neighborhood Strategic Plan for Area 10*, December 1999, prepared by the WAICO/YMCA Central City Housing Initiative II and community residents as part of the City's Community Block Grant planning process.

11. "Opinion of the City Attorney"

Please refer to the letter of the City Attorney in the Exhibits Section. [In preparation.]

EXHIBITS

<u>Exhibit</u>	<u>Title</u>
Exhibit 1	Boundary Description
Exhibit 2	Property Characteristics <i>This exhibit, which lists every parcel in the District and is 32 pages in length, is available upon request.</i>
Map 1	Boundary and Existing Land Use
Map 2	Structure Condition
Map 3	Proposed Uses and Improvements
Map 4	Existing Zoning
Map 5	Existing Redevelopment Project Areas
Attachment 1	Assessment Commissioner's Letter [in preparation]
Attachment 2	City Attorney's Letter [in preparation]

EXHIBIT 1 PROJECT BOUNDARY

The perimeter boundary of Tax Incremental District No. 44 shown on Map 1 delimits a tract of land in Sections 17, 18, 19, & 20, T.7 N., R.22 E. in the City of Milwaukee, Milwaukee County, Wisconsin, more specifically bounded and described as follows:

Beginning at the intersection of the east line of North 12th Street and the north line of West Locust Street;

Thence, south along the east line of North 12th Street and its extensions to the south line of West Center Street;

Thence west along the south line of West Center Street to the east line of the S. E. $\frac{1}{4}$ of Section 18;

Thence south along said line to the north line of West Clarke Street;

Thence east along the north line of West Clarke Street to the extension of east line of North 12th Street;

Thence south along the east line of North 12 Street and its extensions to the north line of West North Avenue;

Thence east along the north line of West North Avenue and its extension to the east line of North 11th Street;

Thence south along the east line of North 11th Street and its extensions to the extension of the south line of West Lloyd Street;

Thence west along the south line of West Lloyd Street and its extension to the east line of North 12th Street;

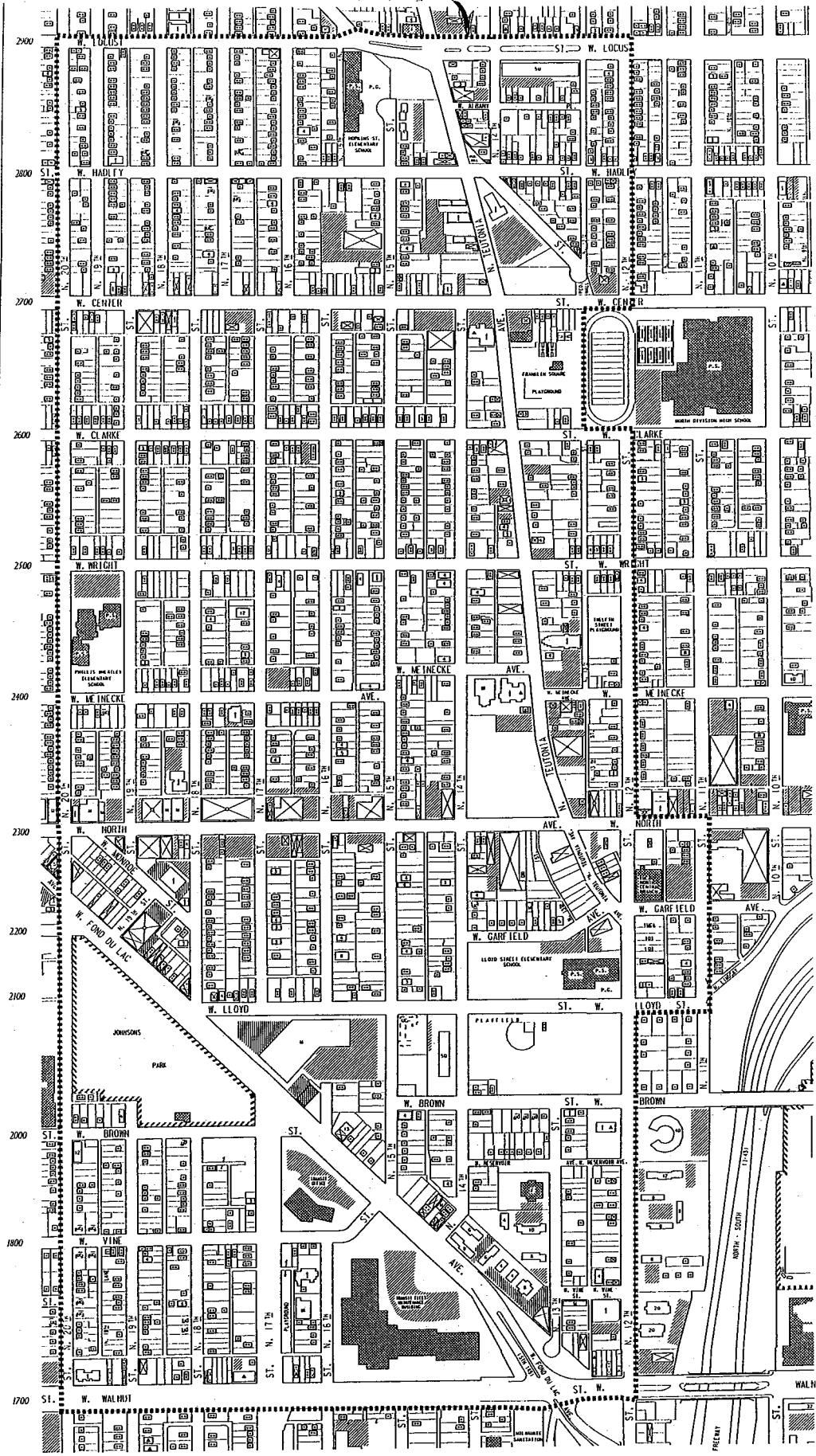
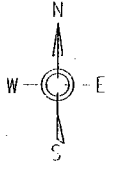
Thence south along the east line of North 12th Street and its extensions to the south line of West Walnut Street;

Thence west along the south line of West Walnut Street and its extensions to the west line of North 20th Street;

Thence north along the west line of North 20th Street and its extensions to the north line of West Locust Street;

Thence east along the north line of West Locust Street and its extensions to the east line of North 12th Street, the point of beginning.

325	324	323
350	351	352
364	363	362



- LEGEND
- PROJECT BOUNDARY
 - CHURCH
 - HOTEL / MOTEL
 - ROOMING HOUSE
 - POLICE STATION
 - FINE STATION
 - HOSPITAL
 - CONDOMINIUM
 - UTILITY COMPANY
 - STORAGE TANK
 - PARK
 - PUBLIC SCHOOL
 - PLAYGROUND
 - PARKING LOT
 - PARKING STRUCTURE
 - SINGLE- OR DUPLEX RESIDENTIAL
 - MULTI-FAMILY RESIDENTIAL
 - MIXED COMMERCIAL / RESIDENTIAL
 - COMMERCIAL OR LOCAL BUSINESS
 - OFFICE / PROFESSIONAL SERVICES
 - MIXED COMMERCIAL
 - SKILLED CARE FACILITY
 - VACANT PARCEL
 - NON-PUBLIC EDUCATION
 - PUBLIC BUILDING
 - MANUFACTURING AND WAREHOUSING
 - ACCESSORY BUILDING
 - CEMETERY
 - LENNIS COURT
 - BASKETBALL COURT
 - DORMITORY

MAP NO. 1

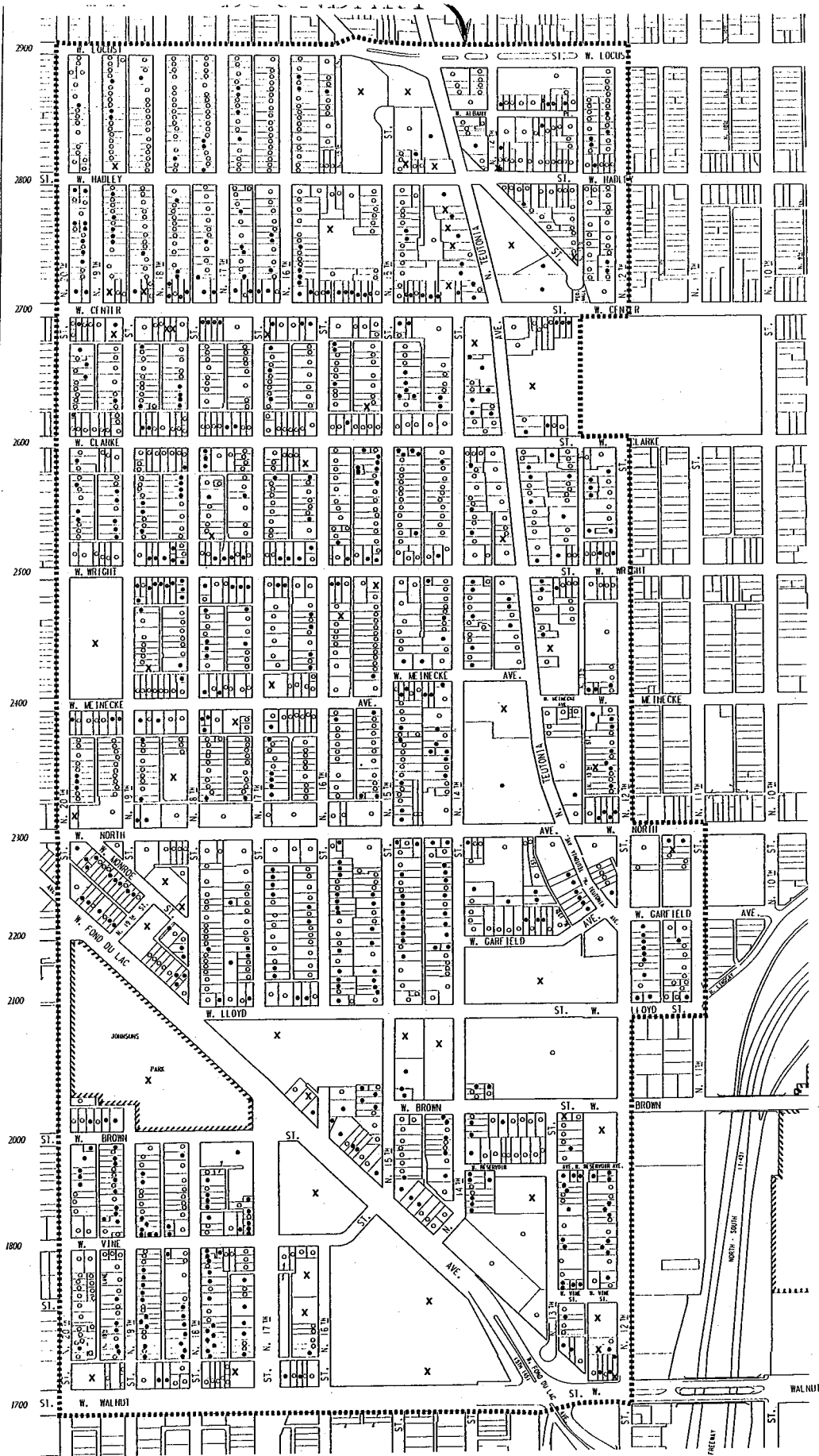
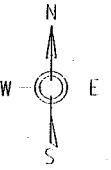
TID - 44

BOUNDARY AND
EXISTING LAND USE

DATE

Prepared by the Department of City Measurement Information Center
 Date: April 27, 2010
 Contact: 608-263-3000
 Website: www.ci.milwaukee.gov

310	311	312
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364	363	362



MAP NO. 2

TID - 44

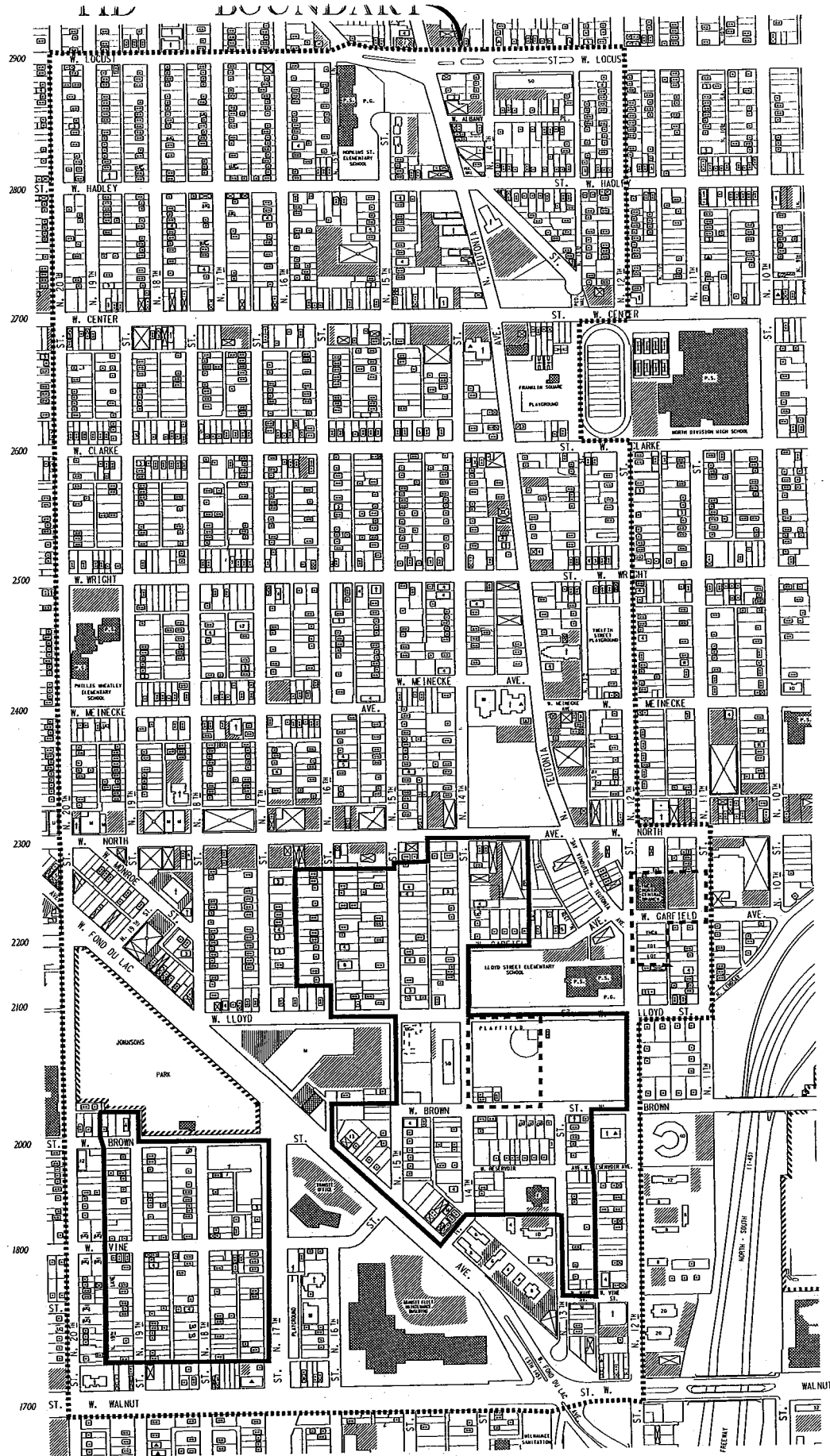
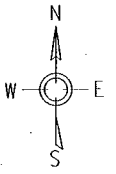
PROPERTY CONDITION

DATE

- LEGEND
- PROPERTY IN NEED OF REHABILITATION OR CONSERVATION
 - BLIGHTED PROPERTY
 - X EXEMPT

Prepared by the Department of City Development and Planning Center
 Design: 1114 - on 11/10/1978
 Part of a project for the City of Detroit
 Project Number: 44-1114-1114
 Date: 11/10/78
 Scale: 1" = 100' (approx.)
 Drawing: 44-1114-1114-1114

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364	363	362



MAP NO. **3**

TID - 44

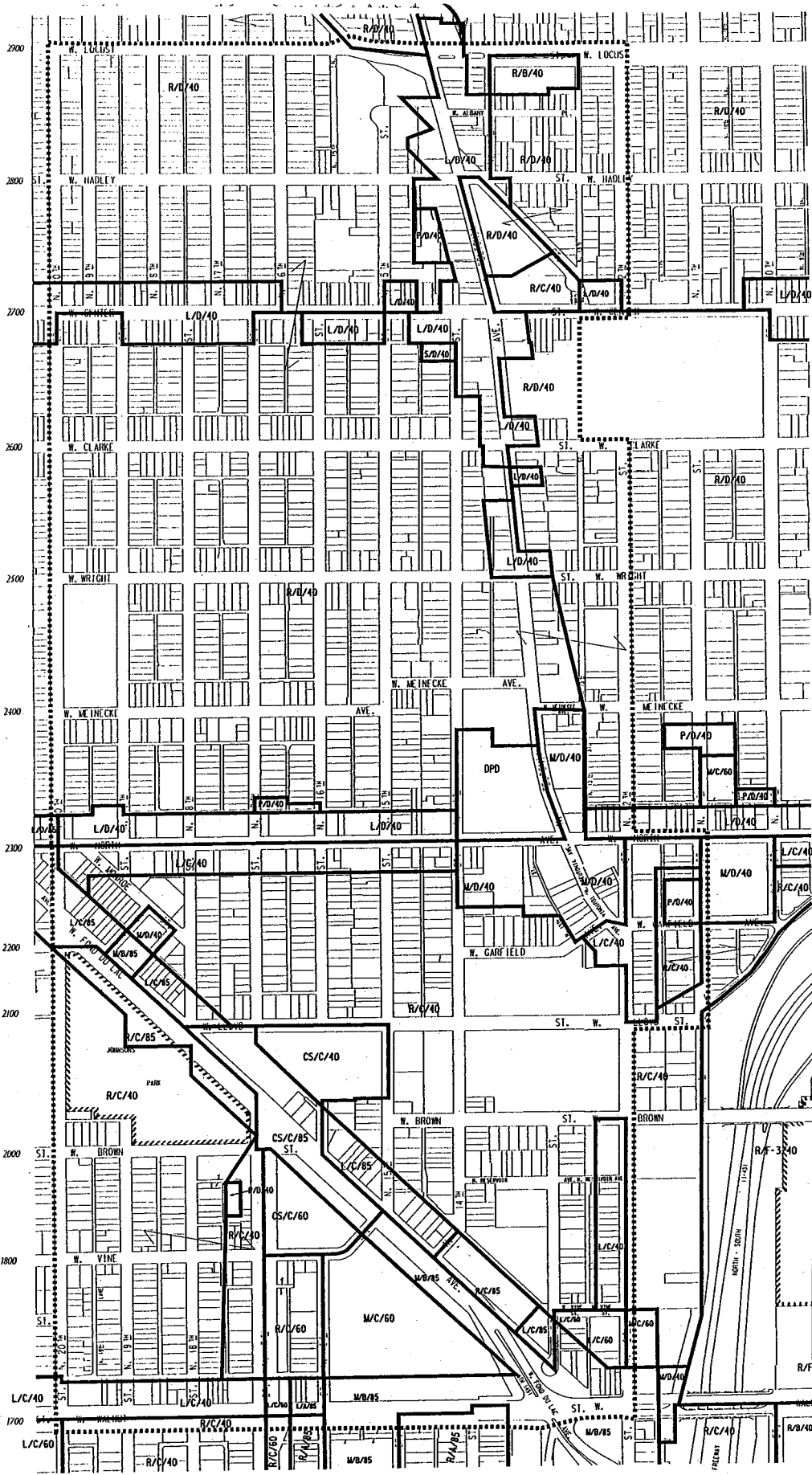
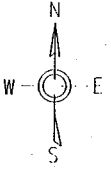
PROPOSED IMPROVEMENTS

PAGE 1. DATE

- Initial Development Clusters
- For In-fill Homes
- Sub-districts
- For new Infrastructure

Prepared by the Department of City Development Information Center
 Design: TTD & Associates, Inc. 1997
 Planning: City of Dallas, Texas
 Color: TTD & Associates, Inc.
 Generated: 10/01/2001 1:00pm - 1:00:00
 Owner: The City of Dallas, Texas - 1100 North Stemmons Freeway, Dallas, TX 75207

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364	363	362



MAP NO. 4

TID - 44

EXISTING ZONING MAP

DATE

SINGLE-FAMILY RESIDENTIAL	TWO-FAMILY RESIDENTIAL	MULTI-FAMILY RESIDENTIAL	RESIDENTIAL OFFICE
R1	R2	R3	RO
R2A	R2B	R3A	ROA
R2C	R2D	R3B	ROB
R2E	R2F	R3C	ROC
R2G	R2H	R3D	ROD
R2I	R2J	R3E	ROE
R2K	R2L	R3F	ROF
R2M	R2N	R3G	ROG
R2O	R2P	R3H	ROH
R2Q	R2R	R3I	ROI
R2S	R2T	R3J	ROJ
R2U	R2V	R3K	ROK
R2W	R2X	R3L	ROL
R2Y	R2Z	R3M	ROM

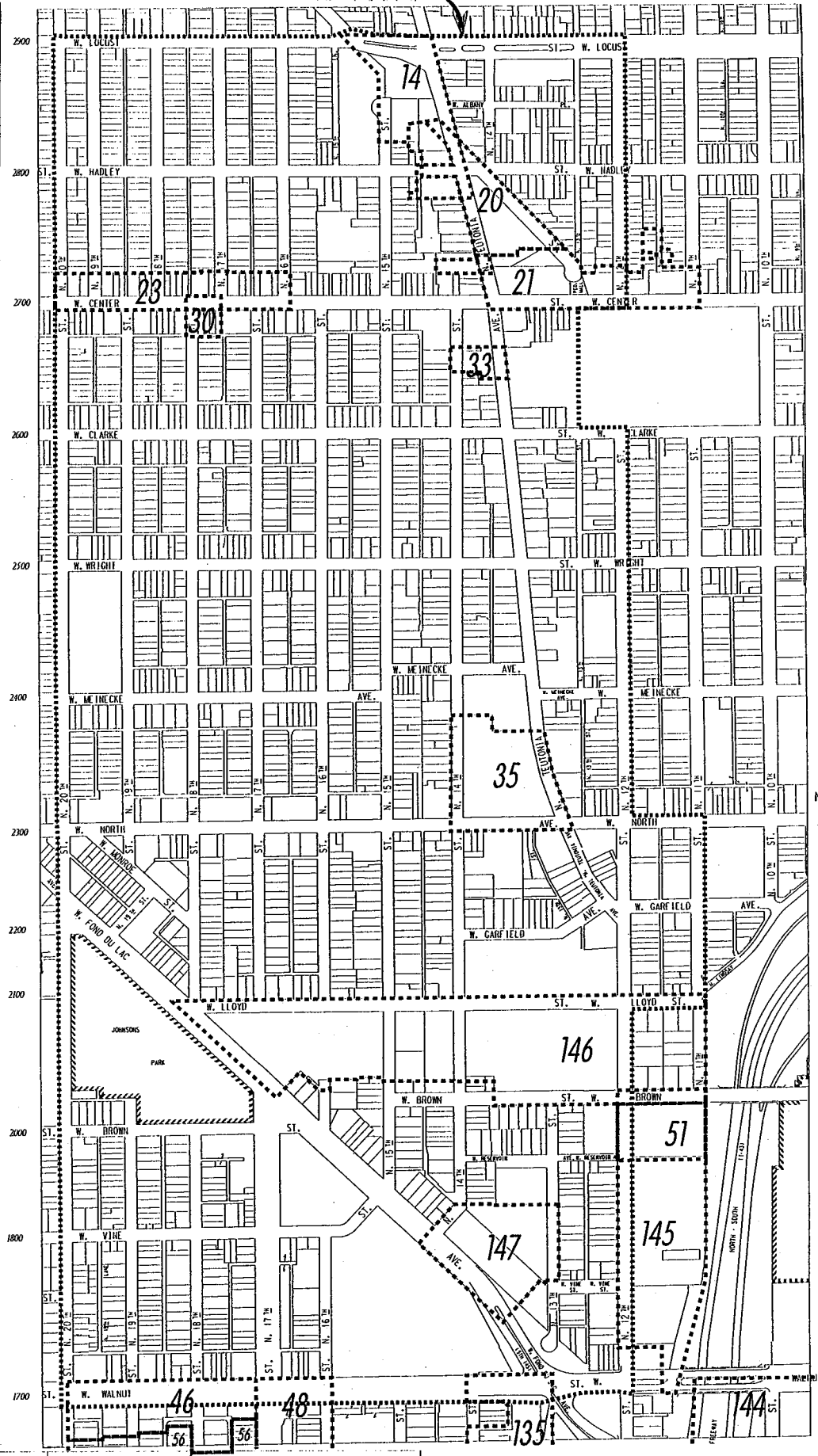
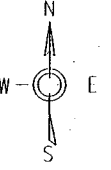
DETAILED PLANNED DEVELOPMENT	GENERAL PLANNED DEVELOPMENT	HIGH DENSITY RESIDENTIAL	RESIDENTIAL SPECIAL USE
DPD	GPD	C9A (A)	C9B (A)
		C9A (B)	C9B (B)
			C9B (C)
			C9B (D)
			C9B (E)
			C9B (F)
			C9B (G)
			C9B (H)
			C9B (I)
			C9B (J)
			C9B (K)
			C9B (L)
			C9B (M)
			C9B (N)
			C9B (O)
			C9B (P)
			C9B (Q)
			C9B (R)
			C9B (S)
			C9B (T)
			C9B (U)
			C9B (V)
			C9B (W)
			C9B (X)
			C9B (Y)
			C9B (Z)

RETAIL	OFFICE AND SERVICE	INDUSTRIAL	RECREATION
C9C	C9D (A)	C9E	C9F (A)
	C9D (B)		C9F (B)
	C9D (C)		C9F (C)
			C9F (D)
			C9F (E)
			C9F (F)
			C9F (G)
			C9F (H)
			C9F (I)
			C9F (J)
			C9F (K)
			C9F (L)
			C9F (M)
			C9F (N)
			C9F (O)
			C9F (P)
			C9F (Q)
			C9F (R)
			C9F (S)
			C9F (T)
			C9F (U)
			C9F (V)
			C9F (W)
			C9F (X)
			C9F (Y)
			C9F (Z)

COMMERCIAL	INDUSTRIAL
C9G	C9H
C9I	C9J
C9K	C9L
C9M	C9N
C9O	C9P
C9Q	C9R
C9S	C9T
C9U	C9V
C9W	C9X
C9Y	C9Z

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 DESIGNER: THE MEMPHIS CITY DEVELOPMENT INFORMATION CENTER
 CONSULTING ENGINEER: THE MEMPHIS CITY DEVELOPMENT INFORMATION CENTER
 DATE: 11/19/82

325	324	323
350	351	352
364	363	362



- Number from Renewal.dgn
- 14 Hopkins / Teutonia
 - 20 Teutonia / Hadley
 - 21 Hopkins / Center
 - 23 16-22 / Center
 - 30 18 / Center
 - 33 14 / Teutonia
 - 35 North / Teutonia
 - 46 Walnut / 19
 - 48 17 / Walnut
 - 51 12 / Brown
 - 56 17-20 / Galena
 - 135 13 / Galena
 - 144 Hillside Neighborhood Redevelopment
 - 145 NDP WAICO 2
 - 146 Parkwest F
 - 147 NDP WAICO 1

MAP NO. 5

TID - 44

EXISTING REDEVELOPMENT AREAS

DATE

PROVIDED BY THE REGIONAL AND STATE DEVELOPMENT INFORMATION CENTER
 DESIGN: TID - 44
 DATE: 10/15/00
 COUNTY: WAICCO
 SHEET: 1 OF 1
 SCALE: 1" = 100'

ECONOMIC FEASIBILITY STUDY

MILWAUKEE TAX INCREMENTAL DISTRICT NO. 44 (Walnut – Locust Neighborhood Improvement Fund)

I. Overview

The City of Milwaukee is proposing to create Tax Incremental District No. 44 to assist in revitalizing a significant residential area in its central city. The district is generally bounded by W. Locust St., N. 20 th St., W. Walnut St., and N. 12th St.

In the last decade, this area has experienced the demolition of numerous blighted residential structures. Between 1990 and 2000, the number of single family homes declined from 507 to 457. Similarly, duplexes declined in number from 827 to 645; and, multi-family properties declined from 104 to 69. Overall, the number of residential structures in the district declined by 267 during this period. The City now owns approximately 550 vacant sites in this area.

Over this same period, however, the total value of residential property in the district stayed largely unchanged at \$25 million as the remaining properties in the district appreciated at an annual rate of 2.5% to 3.4%, depending on type, and a number of new homes were constructed. The average value of a residential building in the district is, never-the-less, very low. Single family homes had an average value in 2000 of \$16,100; duplexes \$22,000; and multi-family structures \$56,800.

Over the last two years, the trends in the district have been more promising. Average residential values have increased markedly, albeit to the levels listed above, and it appears the district is turning around. Please see Tables I and II for a more detailed look at property value trends in the district.

One of the recent initiatives which has helped this area is the Lindsay Heights Neighborhood Redevelopment Project. Using funding from a variety of sources, this project has had the following results:

- 28 new homes have been completed or are under constructed in the last 36 months, with an average purchase price of \$108,000;
- 440 'paint & fix-up' grants have been made to property owners which matched the grants, on average, by 125%. Values for these homes have increased by 8% since 1995;
- 122 homes have been improved by the City's and YMCA's renovation programs; and

- 31 vacant homes have been rehabilitated and sold to owner occupants under the YMCA's home ownership program.

The Lindsay Heights project has been a collaborative effort between local property owners, the City, the Wisconsin Housing and Economic Development Authority (WHEDA), residents, and local community organizations, including the area YMCA.

II. Tax Increment District Project Plan

The proposed tax increment project plan would provide funding to continue this revitalization effort, concentrating on certain "clusters" of new development within the district, by providing grants (or forgivable loans) for new construction and home renovation.

The program is summarized as follows:

- \$10,000 grants to buyers of newly constructed owner occupied homes. An estimated 60 grants would be made over three years.
- \$15,000 (max.) forgivable loans for exterior improvements to owner occupied homes. An estimated 75 homes would be renovated over three years.
- Funding would not be limited to home owners meeting federal income limits.
- Administration for the program would be provided by the City's Neighborhood Improvement Development Corp. and the YMCA's Housing Initiative program. Property owners will receive technical assistance in preparation of a scope of work, the bidding process and construction oversight.

The total funding for the program, based on the number of grants estimated above plus administration costs, is estimated at \$1,725,000.

III. Tax Increment District Cash Flow

Financing for the district's project costs will be accomplished through one of three methods:

1. The issuance of tax-exempt and taxable general obligation bonds; or
2. The proceeds of a Cooperation and Contribution agreement with the Local Initiatives Support Corp. (LISC), which would, in turn, borrow those funds from a consortium of local financial institutions. Under this approach, the City would repay to LISC only an amount equal to the actual tax incremental revenue received in the district each year. The interest rate for this arrangement would be

based on a AA rated taxable bond issue or 15 years, with equal annual payments; this rate, as of May 1, 2001, would be 6.8%; or

3. The proceeds of a Cooperation and Contribution agreement directly with the participating banks. The repayment obligation would be the same as no. 2, above, except the interest rate would be based on a tax-exempt rate. As of May 1, 2001 this rate would be 4.8%. This approach is currently under legal review.

For the purpose of the cash flow forecast, the 6.8% rate will be used.

The Base Value for the district is presently estimated to be \$31.1 million. The Dept. of Revenue will increase this amount by the value of the city owned properties so an increase in district incremental value is not achieved merely by selling a site which is now tax exempt.

Assumptions for the cash flow forecast are set forth in Table III, including : 1) the number of housing starts; 2) the amount of the forgivable loan for new housing; 3) est. assessed value of the new house; 4) the number renovation projects; 5) the average renovation grant; 6) the appreciation rate for the new houses and the balance of the district; and 7) the property tax rate.

Table IV forecasts value attributable to new housing construction, and total grants funded over time. It is assumed that the renovation grants do not immediately increase the value of those homes because the work is expected to be remedial in nature, i.e. painting, exterior repairs, roof replacement, etc. These properties are assumed to appreciate at the same rate as the balance of the district.

Table V forecasts total district property value, cash flow, and the loan or bond payoff. Full amortization of the City's obligation is expected by 2013.

Given the foregoing, the project plan for TID No. 44 is determined to be feasible.

Assessed Value in the Proposed WHEDA TID
Locust, 12th, Walnut, 20th

Table I

Land Use	Assessed Value					Annual Appreciation Rate		
	1990	1992	1994	1996	1998	2000	1990-2000	1994-2000
Residential								
Single family	\$6,155,770	\$5,807,500	\$4,875,000	\$5,027,400	\$5,457,300	\$7,355,200	0.3%	10.8%
Duplex	\$14,232,970	\$13,697,870	\$11,675,800	\$10,752,500	\$10,514,800	\$14,166,600	-1.5%	-2.6%
Multifamily	\$4,258,800	\$4,169,000	\$2,581,000	\$3,351,200	\$3,333,500	\$3,921,700		
Total residential	\$24,647,540	\$23,674,370	\$19,131,800	\$19,131,100	\$19,305,600	\$25,443,500	0.3%	10.8%
All other land uses	\$6,589,750	\$6,501,000	\$6,636,760	\$5,472,690	\$5,917,490	\$5,648,500	-1.5%	-2.6%
Total	\$31,237,290	\$30,175,370	\$25,768,560	\$24,603,790	\$25,223,090	\$31,092,000	0.0%	3.2%

Table II

Average Assessed Value -- Residential Parcels
Proposed WHEDA TID

Land Use	1990		1992		1994		1996		1998		2000		Annual Appreciation Rate	
	Parcels	Ave Val	Parcels	Ave Val	Parcels	Ave Val	Parcels	Ave Val	Parcels	Ave Val	Parcels	Ave Val	1990-2000	1994-2000
Residential														
Single family	507	\$12,142	493	\$11,780	483	\$10,093	477	\$10,540	468	\$11,661	457	\$16,095	2.9%	8
Duplex	827	\$17,210	790	\$17,339	742	\$15,736	692	\$15,538	652	\$16,127	645	\$21,964	2.5%	5
Multifamily	104	\$40,950	97	\$42,979	84	\$30,726	78	\$42,964	76	\$43,862	69	\$56,836	3.4%	10

source: MPROP for years shown

NEW HOUSING COMPONENT				RENOVATION COMPONENT				TOTAL PROJECT FUNDING			
	Housing Starts	New Units Assessed Jan. 1	Cumulative Units Assessed	Cum. Assessment	New Housing Forgivable Loans Funded	Renov. Projects	Cum. Projects	Rehab. Grants Funded	Total Grants / Loans Funded	Admin. Costs	Cumulative Project Costs
2001	20	0	0		200,000	25	25	325,000	525,000	50,000	575,000
2002	20	0	0		200,000	25	50	325,000	525,000	50,000	1,150,000
2003	20	20	20	1,537,500	200,000	25	75	325,000	525,000	50,000	1,725,000
2004		20	40	3,151,875			75	0	0		1,725,000
2005		20	60	4,846,008			75	0	0		
2006			60	4,967,158			75	0	0		
2007			60	5,091,337			75	0	0		
2008			60	5,218,620			75	0	0		
2009			60	5,349,086			75	0	0		
2010			60	5,482,813			75	0	0		
2011			60	5,619,883			75	0	0		
2012			60	5,760,380			75	0	0		
2013			60	5,904,390			75	0	0		
2014			60	6,052,000			75	0	0		
2015			60	6,203,300			75	0	0		
2016			60	6,358,382			75	0	0		
2017			60	6,517,342			75	0	0		
2018			60	6,680,275			75	0	0		
2019			60	6,847,282			75	0	0		
2020			60	7,018,464			75	0	0		
2021			60	7,193,926			75	0	0		
2022			60	7,373,774			75	0	0		
2023			60	7,558,118			75	0	0		
2024			60	7,747,071			75	0	0		

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May 15, 2001

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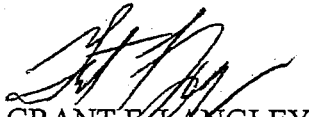
Attention: Mr. Brian O'Connell

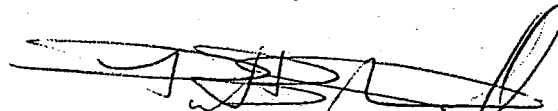
Dear Ms. Penman:

**Re: Project Plan for Proposed TID-44
(Walnut-Locust Neighborhood
Improvement Fund)**

In your May 9, 2001 communication, you requested that we review the proposed project plan for the above-captioned tax incremental district and provide an opinion per the requirements of sec. 66.1105(4)(f), Stats. We have undertaken that review and conclude that the proposed project plan is complete and complies with the provisions of sec. 66.1105(4)(f), Stats.

Very truly yours,


GRANT F. LANGLEY
City Attorney


PATRICK B. McDONNELL
Special Deputy City Attorney

PBMcD:dms

cc: Tom Gartner

1050-2001-1507

REFERRED
BY PENMAN
TO BOC
DATE 5-17-01
 ACTION
 INFORMATION

COPIES TO: HYSLOP,
PARK, MAD