



**Tom Barrett**  
Mayor, City of Milwaukee

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March 13, 2007

To the Honorable, the Common Council  
of the City of Milwaukee

Honorable Members of the Common Council:

Since taking office in 2004, my administration has supported the use of tax incremental financing to invest public resources in more than 15 projects dispersed throughout Milwaukee. Each of these proposals was analyzed as to its financial feasibility and its suitability under my administration's tax incremental financing guidelines. You will recall that the guidelines specify that TIF is a suitable vehicle to finance the public share of projects that attract and retain family-supporting jobs, facilitate the development of underutilized properties and brownfields; promote development in emerging neighborhoods, and support City planning initiatives.

In the last several months, we have received an unprecedented expression of development interest in our downtown and near-downtown neighborhoods. Developers have announced plans that collectively would add more than 1,000 hotel rooms (a 50% increase in the number of high-end rooms), 280,000 square feet of retail space (more than currently in The Grand Avenue), and nearly 500,000 square feet of office space.

These proposals follow five years of sustained growth in the downtown housing market. The various housing developments clearly met a demand for housing types that previously did not exist downtown. There is simple proof of that demand: virtually every condominium project constructed downtown and along the river has proceeded without City financial assistance.

By contrast, we have received both formal and informal requests for City TIF subsidy of a number of the proposed downtown projects. These inquiries from individual developers suggest that the market for these projects does not currently exist at the collective scale that has been proposed. Public funds are being requested to markedly increase supply at a time when demand is growing slowly, potentially reducing the odds of success for the newly-built projects and weakening existing downtown office, retail and hotel properties. Using City funds to support all these projects would be imprudent at best and, at worst, irresponsible.

In order to determine which strategic public investments will support the sustainability of downtown as a whole, we need to place each proposal seeking public investment in appropriate context. Under my administration's TIF guidelines, this context includes analysis of "short-term and long-term economic development impacts; adherence to the City's plans, priorities and goals; public benefits provided; amount of public assistance compared to private investment; terms of public assistance and risks associated with the project." Such factors are especially critical when proposed projects compete with each other and existing development.

To the Honorable, the Common Council  
Page 2  
March 13, 2007

Accurate market information will help us all keep our eyes on the prize of a healthy downtown. Thus, I have directed DCD staff to objectively evaluate how the multiple proposed downtown projects seeking TIF subsidy will affect the success of existing downtown real estate, including projects in which the City has already invested such as The Grand Avenue and the redevelopment of the Pabst Brewery. I have asked that this assessment be complete by May 1, 2007.

In the Park East corridor and other areas of downtown where the Common Council has adopted master plans, DCD also will continue to evaluate specific proposals vis a vis the land use recommendations endorsed by applicable plans. Policy documents including the Park East Redevelopment Plan (adopted 2004), Downtown Area Plan (adopted 1999), and Historic Third Ward Area Plan (adopted 2005, amended 2006) contain market-based recommendations that incorporate sound development and design strategy. We are fortunate to be able to reference their thoughtful analysis in making these important decisions about the use of public resources.

Sincerely,



Tom Barrett  
Mayor

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