

**AMENDMENT NO. 1**

**PROJECT PLAN FOR  
TAX INCREMENTAL FINANCING DISTRICT NO. 84  
(West McKinley and West Juneau)**

**CITY OF MILWAUKEE**

**Public Hearing Held: July 16, 2020**

**Redevelopment Authority Adopted:**

**Common Council Adopted:**

**Joint Review Board Adopted:**

**AMENDMENT NO. 1 to the PROJECT PLAN for  
TAX INCREMENTAL FINANCING DISTRICT NUMBER 84  
CITY OF MILWAUKEE  
(West McKinley and West Juneau)**

**Introduction**

Section 66.1105 (4)(h)(1), Wisconsin Statutes, permits the Redevelopment Authority, subject to the approval of the Common Council and Joint Review Board, to amend the project plan for a tax incremental financing district.

The Common Council created Tax Incremental District No. 84 (the “District”) in 2015 for the purpose of providing a \$20,000,000 contribution to the Bucks Arena (now known as Fiserv Forum). The District provided a \$12,000,000 grant to the public plaza adjacent to Fiserv Forum and an \$8,000,000 developer-financed grant towards the new parking structure built to the north of Fiserv Forum.

Amendment No. 1 (the “Amendment”) will assist the redevelopment of portions of the former Milwaukee Journal Sentinel complex at 333 West State Street, 925 North Old World Third Street, 918 North Vel R. Phillips Avenue and 330 West Kilbourn Avenue. That complex was split into 3 condominium units, with Unit 1 (333 West State Street) being the portion of the complex built in 1924 and to be used for apartment units, Unit 2 (925 North Old World Third Street) being the 1962 addition to be used for student housing, and Unit 3 (918 North Vel R. Phillips Avenue and 330 West Kilbourn Avenue) being the southern half of the block.

JS1924 Holdings, LLC and JS1962 Holdings, LLC (the “**JS Developers**”), are subsidiaries of J. Jeffers & Co., LLC, and plan to redevelop a portion of the complex, Condo Units 1 and 2 (herein called the “**JS Project Site**”), into 116 apartment units (located on Condo Unit 1) and 83 students housing units on Condo Unit 2 for the Milwaukee Area Technical College (together, the “**JS Project**”).

The Amendment authorizes up to a \$1,000,000 developer-financed cash grant to the JS Developers to assist with façade restoration and affordable student housing units related to the JS Project, per the attached Term Sheet, **Exhibit 7, “Journal Square Project Term Sheet.”**

Per Wis. Stat. 66.1105 (5)(b), the percentage of territory within the District that will be devoted to retail business at the end of the maximum expenditure period is estimated to be 10%.

The JS Project Site is wholly within the District; no new territory is added to the District and the District’s boundaries remain the same.

**Amendments to the Project Plan:**

The following amendments are made to the Project Plan. All other sections of the Project Plan remain unchanged.

## I. DESCRIPTION OF THE PROJECT

**Sub-Section C, “Proposed Project,” is amended by adding the following:**

### C. Project Plan Goals and Objectives

The City is proposing up to a \$1,000,000 developer-financed cash grant to the JS Developers to assist with the façade restoration and affordable student housing units related to the JS Project, per the attached Term Sheet, **Exhibit 7, “Journal Square Project Term Sheet.”** This will be funded with increment only from the JS Project Site (Condo Units 1 and 2).

## II. PLAN PROPOSALS

**Sub-Section A, “Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements,” is amended by adding the following:**

Monetary Obligation (\$1,000,000): Provide annual cash grants to the JS Developers to partially offset the costs necessary to assist with the façade restoration and affordable student housing units at the JS Project Site. JS Developers will advance all costs for the JS Project. City will make annual payments to the JS Developers equal to 100% of the incremental taxes collected only from the JS Project Site within the District from real and personal property, less an annual administration charge, until such time as up to \$1,000,000 is repaid by the payments at an interest rate of 4.5%, over a period not to exceed 10 years (the “**Monetary Obligation**”) per the attached Term Sheet, **Exhibit 7, “Journal Square Project Term Sheet.”**

The number and location of proposed public works and improvements under this Amendment (all within the JS Project Site) are shown in “**Map 3: Amendment No. 1, Proposed Uses and Improvements.**”

**Sub-Section B, “Detailed List of Estimated Project Costs,” is deleted and restated as follows:**

### B. “Detailed List of Estimated Project Costs.”

The costs included in this subsection and detailed in Table B which follows are, without limitation because of enumeration, eligible project costs as defined under Section 66.1105(2)(f) and, if appropriate, in any Cooperation Agreement(s) presently or subsequently entered into by and between the City of Milwaukee, the Redevelopment Authority of the City of Milwaukee, and/or eligible designated redeveloper(s), which agreements are incorporated herein by reference, provided further that such expenditures are necessitated by this Project Plan.

These costs and costs estimates are more fully described as follows:

#### Capital Costs

The City shall fund an estimated \$21,000,000 in the form of TID Capital Project Costs enumerated in further detail in **Table A** of this Plan.

<b>TABLE A: TID Capital Project Costs</b>	
Grant to the Plaza	\$12,000,000
Grant to the Bucks	\$8,000,000
Monetary Obligation to JS Developers (Amend No. 1)	\$1,000,000
<b>TOTAL Capital Project Costs</b>	<b>\$21,000,000</b>

Other Costs

This category of Project Costs includes estimates for administrative, professional, organizational and legal costs.

Financing Costs

Financing costs include estimated gross interest expenses on the Monetary Obligation to repay the Bucks and to repay the JS Developers. Estimates of interest are based on interest rates as set forth in the Economic Feasibility Analysis, attached as **Exhibit 8, “Economic Feasibility Study for Amendment No. 1 to the West McKinley and West Juneau Incremental District No. 84.”** The City reserves the right to prepay the Monetary Obligation to the Bucks and to the JS Developers, which could require issuance of general obligation debt.

**TABLE B: Lists of Estimated Project Costs**

<u>Capital:</u>	
Grant to the Plaza	\$12,000,000
Grant to the Bucks	\$8,000,000
Monetary Obligation to JS Developers (Amend No. 1)	\$1,000,000
<u>Other:</u>	
Administration (\$7,500 x 10 years) (JS Developers)	\$75,000
Total Estimated Project Costs, excluding financing	\$21,075,000
<u>Financing:</u>	
Interest	\$8,706,511

**Sub-Section C, “Description of Timing and Methods of Financing” is deleted and restated, as follows:**

C. “Description of Timing and Methods of Financing.”

All expenditures are expected to be incurred during the period from 2015-2040.

The City may proceed to fund any or all Project Costs using general obligation bonds or notes, or RACM revenue bonds to be issued in amounts which can be supported using tax increments in the District. The annual payments to the Bucks and to the JS Developers will be paid from incremental taxes generated annually in the District. Annual payments to the JS Developers, however, will only be paid from incremental taxes generated from the JS Project Site portion of the District.

**Sub-Section D, “Economic Feasibility Study,” is deleted and restated as follows:**

D. “Economic Feasibility Study.”

The Economic Feasibility Study for Amendment No. 1 to the Project Plan is attached as **Exhibit 8, “Economic Feasibility Study for Amendment No. 1 to the West McKinley and West Juneau Incremental District No. 84.”**

Based upon the anticipated tax incremental revenue to be generated by the District, the District is financially feasible and is likely to be retired on or before 2029, the 14th year of the District. Accordingly, the District is determined to be feasible.

**Sub-Section F, “Map Showing Proposed Improvements and Uses:” is amended by adding “Map 3: Amendment No. 1, Proposed Improvements and Uses,” attached.**

F. “Map Showing Proposed Uses and Improvements.”

Please refer to Map No. 3, “Proposed Uses and Improvements” in the Exhibits Section which follows.

**Opinion of City Attorney letter is deleted and replaced with the attached letter from the City Attorney.**

**EXHIBIT 7**

**The Journal Square Project Term Sheet**  
(see following pages)

**DRAFT  
TERM SHEET**

**(Journal Square Project– TID 84 Amendment)**

**PROJECT**

The Journal Square project is a proposed redevelopment of portions of the former Milwaukee Journal Sentinel complex at 333 West State Street, 925 N. Old World Third Street, 918 N. Vel R. Phillips Avenue, and 330 W. Kilbourn Avenue. That complex was subjected to a condominium plat, with 3 condominium units, with Unit 1 being a historic building built in 1924 to be redeveloped for multi-family housing (333 W. State Street, TIN 392-0341-000) (the “**JS 1924 Project**”), Unit 2 being a historic building built in 1962 to be redeveloped for affordable student housing (925 N. Old World Third Street, TIN 392-0342-000) (the “**JS 1962 Project**”), and Unit 3 being the southern half of the block (comprised of 918 N. Vel R. Phillips and 330 W. Kilbourn, combined TIN 392-0343-000). The JS 1924 Project and the JS 1962 Project are collectively, the “**JS Project**”. The redevelopment project contemplated by this Term Sheet (i.e. the JS Project) is comprised of only the JS 1924 Project and the JS 1962 Project (Condo Units 1 and 2, respectively). Together Condo Units 1 and 2 are called the “**JS Project Site.**” The JS 1924 Project will be developed by JS1924 Holdings, LLC (the “**JS 1924 Developer**”), an affiliate of J. Jeffers & Co., LLC. The JS 1962 Project will be developed by JS1962 Holdings, LLC (the “**JS 1962 Developer**”), also an affiliate of J. Jeffers & Co., LLC. The JS 1924 Developer and the JS 1962 Developer are each, a “**JS Developer**”, and collectively, the “**JS Developers.**” The JS Project Site will be developed by the JS Developers or their successors and assigns as approved the the Commissioner of the Department of City Development (the “**DCD Commissioner**”).

Condo Unit 1’s Year 2020 TIN is 392-0341-000.

Condo Unit 2’s Year 2020 TIN is 392-0342-000.

Condo Unit 3’s Year 2020 TIN is 392-0343-000.

The JS Developers plan to redevelop the JS Project Site into the following:

- The JS 1924 Project, having approximately 116 apartment units located on Condo Unit 1, to be developed by the JS 1924 Developer; and
- The JS 1962 Project, having 83 student housing units on Condo Unit 2 for MATC housing. Some of these units will be affordable units per the Affordable Student Housing Mix section of this Term Sheet. The 83 student housing units on Condo Unit 2 will result in 195 beds for the student housing component of the JS Project.

The JS Project represents a total investment of approximately \$54M.

The City of Milwaukee (“City”) proposes to assist the JS Developers via amendment of Tax Incremental District No. 84 (West McKinley and West Juneau) (the “TID”) to fund \$800,000 towards the JS 1962 Project (the “JS 1962 Monetary Obligation”) and \$200,000 towards the JS 1924 Project (the “JS 1924 Monetary Obligation”), each funded with increment only from the JS Project Site, as described above (i.e. Condo Units 1 and 2), and as further described below, and as set forth in the TID Project Plan Amendment.

**PROJECT BUDGETS**

Total estimated costs for the JS 1924 Project are approximately \$26.7M. Estimated JS 1924 Project sources are:

Commercial Loans:	\$15,500,000
Historic Tax Credits:	\$6,481,860
Tax Incremental Financing:	\$200,000
Equity:	\$3,751,791
<u>Deferred Developer Fee</u>	<u>\$736,110</u>
TOTAL	\$26,669,761

Total estimated costs for the JS 1962 Project are approximately \$27.7M. Estimated JS 1962 Project sources are:

Commercial Loans:	\$14,442,764
Historic Tax Credits:	\$6,389,903
Tax Incremental Financing:	\$800,000
Equity:	\$4,682,510
<u>Deferred Developer Fee</u>	<u>\$1,340,118</u>
TOTAL	\$27,655,295

**APPROXIMATE DEVELOPMENT SCHEDULE**

Commence Construction of JS 1962 Project by September 15, 2020.  
Substantial Completion of JS 1962 Project by August 31, 2021.

Commence Construction of JS 1924 Project by March 31, 2021.  
Substantial Completion of JS 1924 Project by April 30, 2022.

**DESIGN REVIEW**

Plans and specifications for the JS Project shall be subject to the reasonable review and approval of the DCD Commissioner.

**PARTIES**



City, Redevelopment Authority of the City of Milwaukee (“**RACM**”), and the JS Developers, with approval (signature) also by the Condo Association and the Condo Unit owners if different from the JS Developers.

## **PARTIES’ OBLIGATIONS**

In order for the JS 1924 Developer and the JS 1962 Developer, respectively, to receive the financial assistance described above, the JS Developers must fulfill the following obligations:

- A. **Substantial Completion.** Achieve “**Substantial Completion**” which shall mean that (i) with respect to the JS 1924 Project and the financial assistance specific to the JS 1924 Project (the JS 1924 Monetary Obligation), the JS 1924 Developer shall develop the JS 1924 Project, including obtaining necessary building permits for the construction of the JS 1924 Project, and substantially complete construction of the JS 1924 Project and obtain Certificates of Occupancy on or before **April 30, 2022**, subject to force majeure, and (ii) with respect to the JS 1962 Project and the financial assistance specific to the JS 1962 Project (the JS 1962 Monetary Obligation), the JS 1962 Developer shall develop the JS 1962 Project, including obtaining necessary building permits for the construction of the JS 1962 Project, and substantially complete construction of the JS 1962 Project and obtain Certificates of Occupancy on or before **August 31, 2021**, subject to force majeure. Force majeure shall not include COVID-19 unless it results in unavailability of materials or labor required for construction of the JS Project or any component thereof.
  
- B. **Human Resources.** Each JS Developer shall enter into *one combined* Human Resources Agreement with City that will require such JS Developer to use certified Small Business Enterprises (“**SBE**”) for 25% of construction and supply costs, and 18% of professional services costs, on the respective JS Project for that JS Developer, and use unemployed and underemployed residents, pursuant to City’s Resident Preference Program (“**RPP**”), for no less than 40% of total “worker hours” expended on construction of that respective JS Project. City and JS Developers shall agree upon a schedule of anticipated SBE and RPP percentages over the life of the respective JS Project. If the JS Developer does not meet the required SBE and RPP percentages set forth in Milwaukee Code of Ordinance Chapters 355 and 370, then per MCO Section 355-19, the release of all or a portion of the respective Monetary Obligation may be withheld until the percentages are met or may be withheld completely if the percentages are never met.
  
- C. **PILOT.** Each JS Developer shall enter into a *separate*, standard payment in lieu of taxes (“**PILOT**”) agreement with City agreeing to make PILOT payments to City for the full property tax rate in the event that the real property included in the respective JS Project becomes exempt from the payment of real property taxes during the original term of the TID. PILOT payments shall be due until termination

of the TID or through the year of the 2029 tax levy, payable in 2030; whichever shall first occur.

- D. **Façade Easement.** Upon Substantial Completion of the respective JS Project, each JS Developer will provide the City with a *separate* façade easement to ensure that the façade of the respective JS Project and the respective JS Project Site is maintained during the life of the TID.
- E. **Affordability Period.** Maintain the affordable residential units in the JS 1962 Project until termination of the TID or through the year 2029, whichever shall first occur, per the Affordable Student Housing Mix section of this Term Sheet.
- F. **Deer District.** JS Developer shall secure approval from Deer District, LLC for any documents that need to be executed to allow the City to enter into a Development Agreement with the JS Developers for the JS Project, and to allow the City and RACM to amend the Cooperation, Contribution and Development Agreement (TIDs No. 22 & 84 – Milwaukee Bucks Arena Project) so as to allow this TID Amendment and the JS Project..
- G. **Condo Amendment.** JS Developer must amend the Condominium documents for the Condo to provide certainty concerning boundaries and legal descriptions of Condo Units 1, 2, and 3 during the life of the TID. Boundaries of the Condo and the Condo Units must not be alterable or altered during the life of the TID without the approval of the DCD Commissioner, except as may be reasonably required by JS Developer’s lender or tax-credit investor. It is anticipated that the Condominium Documents will be amended to eliminate common elements and to more precisely define the legal boundaries of Condo Units 1 and 2. Entities or persons that own the Condo Units and that control the Condo Association shall sign the Development Agreement (see “Parties” section above).

## **MONETARY OBLIGATION**

JS 1924 Developer will advance, and City will reimburse, up to the capped amount of **\$200,000** in project costs to assist with the façade restoration for the JS 1924 Project (i.e. the JS 1924 Monetary Obligation). The JS 1962 Developer will advance, and City will reimburse, up to the capped amount of \$800,000 in project costs to assist with the façade restoration and affordable student housing units related to the JS 1962 Project (i.e. the JS 1962 Monetary Obligation) (each, a “**Monetary Obligation**”).

Each Monetary Obligation consists of a limited and conditional obligation to repay JS 1924 Developer and JS 1962 Developer, as applicable, an amount up to the capped amount of the respective Monetary Obligation for the respective subject project, plus interest on the outstanding balance of the respective Monetary Obligation at 4.5% per year for up to 10 years. Payments on the respective Monetary Obligation are to be made annually, less annual expenses of \$7,500. City may, at any time or from time to time, without notice, penalty, or fee, repay all or any portion of the Monetary Obligation.

Interest on the respective Monetary Obligation for each project shall not begin to accrue until Substantial Completion of the respective subject project. Prior to Substantial Completion of any portion of the JS Project, City will deposit the incremental tax revenue actually received by City (using the assessment of the JS Project Site as of January 1, 2020 as the base value, as such assessment may be adjusted following appeal) from the JS Project Site (Condo Units 1 and 2), less annual expenses of \$7,500 into a special fund established for the TID.

Upon Substantial Completion of the JS 1962 Project, such amount shall be disbursed to JS Developer for that completed project, and be applied to reduce the principal balance of the respective Monetary Obligation for that respective project. Disbursement to the respective JS Developer for the JS 1924 Project will not occur until after Substantial Completion of the JS 1924 Project and Substantial Completion of the JS 1962 Project.

Subsequent to Substantial Completion of the subject JS Project, following the deduction of annual expenses, incremental tax revenue collected from the subject JS Project Site (using the assessment of the JS Project Site as of January 1, 2020 as the base value) will be allocated to repay the applicable JS Developer for project costs incurred for the façade restoration and affordable student housing units (as applicable) related to the JS Project through payments on the Monetary Obligation. Once either Monetary Obligation is paid off, incremental tax revenue from the entire JS Project Site will go towards paying off the remaining Monetary Obligation.

***However, notwithstanding anything to the contrary contained herein, payments on the JS 1924 Monetary Obligation will not be made until Substantial Completion of the JS 1962 Project.***

Tax incremental revenue will not be pledged to the payment of the Monetary Obligation, and the Monetary Obligation shall not constitute a general obligation of City or count against its statutory debt limits. All disbursements of tax incremental revenue received by City from the JS Project Site shall be subject to annual appropriation. If not appropriated, City shall not expend such tax incremental revenue from the JS Project Site for any other TID project costs or for any other purpose (except as otherwise required under the Cooperation, Contribution and Development Agreement with Deer District LLC). City agrees to negotiate, in good faith, terms and conditions of a Development Agreement with RACM and the JS Developers, reasonably acceptable to JS Developers and their respective lenders, and reasonably acceptable to Deer District, LLC, as it pertains to this paragraph.

Each JS Developer shall be obligated to sign ***one combined*** Development Agreement (Wis. Stat. 66.1105 (2)(f)2.d. which shall also indicate that the Monetary Obligation shall not be used to pay property taxes, *Voters with Facts v. City of Eau Claire*, 2018 WI 63).

The City can amend the TID Project Plan or TID Boundary at any time, so long as it does not negatively impact the City's ability to pay the Monetary Obligation in full prior to termination or expiration of the TID, or City's pre-existing TID obligation to Deer District

LLC. Increment from Condo Unit 3 (not part of the JS Project Site) will continue to be subject to the TID 84 (unaffected by this Amendment to TID 84) and to the Cooperation, Contribution and Development Agreement with Deer District LLC.

**Monetary Obligation Earned**

Upon Substantial Completion of the subject JS Project, the applicable JS Developer shall submit a certification detailing project costs theretofore incurred (together with copies of records, invoices and/or AIA documentation evidencing such expenditures). The amount of the respective Monetary Obligation for such respective project shall be deemed earned upon approval of such certification by the DCD Commissioner and interest will begin to accrue on the balance of the respective Monetary Obligation for that project as of the date of Substantial Completion of the respective subject JS Project.

*However, notwithstanding anything to the contrary contained herein, payments on the JS 1924 Monetary Obligation will not be made until Substantial Completion of the JS 1962 Project.*

**Term of Payments**

City payments on the Monetary Obligation will terminate: (i) at the time the Monetary Obligation is fully paid; or (ii) with the payment derived from the 2029 tax levy, payable in 2030, whichever occurs first. City has the right to prepay the Monetary Obligation at any time.

**Cost Savings**

If at completion, the JS 1924 Project costs submitted are less than the \$26,669,761 estimated in the JS 1924 Project Budget, the principal amount of the JS 1924 Monetary Obligation for the JS 1924 Project will be reduced by 50% of the cost savings, after taking into account any reduction in tax credit equity attributable to lower than projected qualified rehabilitation expenditures. If at completion, the JS 1962 Project costs submitted are less than the \$27,655,295 estimated in the JS 1962 Project Budget, the principal amount of the JS 1962 Monetary Obligation for the JS 1962 Project will be reduced by 50% of the cost savings, after taking into account any reduction in tax credit equity attributable to lower than projected qualified rehabilitation expenditures.

**AFFORDABLE STUDENT HOUSING MIX, CONDO UNIT 2**

Twenty-seven (27) Studio units in the JS 1962 Project (the “Affordable Units”) shall be rented to individuals earning sixty percent (60%) or less of the Area Median Income (“AMI”). Notwithstanding the foregoing income limitations, if the JS 1962 Developer or its agent are not able to lease any of the Affordable Units to qualified tenants meeting the income restrictions by April 15th of any year during the term of the agreement, then JS 1962 Developer may proceed with leasing the unit without the income restrictions for the

remainder of the year; provided, however, JS 1962 Developer shall provide the City with an annual written report on the marketing efforts and applications received for the Affordable Units, and further provided, that when such unit turns over, the JS 1962 Developer shall be required to once again seek an income-qualified tenant for the applicable Affordable Unit.

### **OTHER ENTITLEMENTS OR APPROVALS**

City will work with JS Developers, at no expense to the City, regarding JS Developers' efforts to secure any zoning changes, right-of-way vacations, right-of-way dedications and any other approvals or entitlements required for the JS Project.

### **GENERAL**

This Term Sheet does not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort, shall be incorporated into a Cooperation, Contribution and Redevelopment Agreement (a Wis. Stat. 66.1105 (2)(f)2.d. Development Agreement), a Human Resources Agreement, a PILOT Agreement and any other documents, instruments or agreements necessary to accomplish the objectives described above. In recognition that there may be adjustments of the dates and descriptions herein as well as administrative approvals which will require the exercise of reasonable discretion on behalf of City, the DCD Commissioner will be authorized under these agreements to exercise such discretion and grant such approvals.

## EXHIBIT 8

### Economic Feasibility Study for Amendment No. 1 to the West McKinley and West Juneau Incremental District No. 84

#### **Background:**

The City of Milwaukee is proposing to amend the West McKinley and West Juneau Tax Incremental District No. 84 (the “District” or “TID”) to assist JS1924 Holdings, LLC and JS1962 Holdings, LLC (the “JS Developers”), in the redevelopment of the former Milwaukee Journal Sentinel complex into apartments and student housing units (the “JS Project”). The JS Project will only include Condo Unit 1 (333 West State Street) and Unit 2 (925 North Old World Third Street) of the former complex (collectively, the “JS Project Site”). Funds from the JS Project Site portion of the District will be used for the façade restoration and affordable student housing units related to the JS Project. The JS Developers will advance all costs for the JS Project. Once the JS Project is completed, the City of Milwaukee will make annual cash grants to the JS Developers from the incremental taxes collected from the JS Project Site (using the 2020 assessments as the baseline for the incremental taxes calculation), until such time as up to \$1,000,000 is repaid at an interest rate of 4.5%, over a period not to exceed 10 years. The amended District will also fund up to \$75,000 in administrative expenses.

The original Project Plan funded a \$20,000,000 contribution to the Bucks Arena (now known as Fiserv Forum). The District provided a \$12,000,000 grant to the public plaza adjacent to Fiserv Forum and an \$8,000,000 developer-financed grant towards the new parking structure built to the north of Fiserv Forum. All incremental revenue generated in the District will continue to go towards paying off the original \$20,000,000 in project costs from the District, with the exception of the incremental revenue generated from the JS Project Site. Therefore, this feasibility study only looks at the potential assessed value of the JS Project on the JS Project Site.

#### **Current Property Valuation:**

333 West State Street had an assessment of \$12,025,300 as of 1/1/2020. In December 2019, that parcel was split into three separate condo units, however, the assessment has not yet been broken out into the three separate condo units. For the purposes of this feasibility, it is assumed that the valuation for each condo unit will be one-third of the total valuation. Therefore, for purposes of estimating the incremental taxes generated by the JS Project Site, \$8,016,866 will be used as the 2020 baseline.

#### **Anticipated Future Value of the District:**

The JS Project will include 116 market-rate apartment units and 83 student housing units with 195 beds. Each use category is further analyzed below:

##### *Market-Rate Housing Value:*

Unit 1 of the JS Project will include 116 market-rate apartment units. Similar apartments in the area are assessed at:

- The Buckler: 401 West Michigan Street. \$142,556/unit. (\$29,509,100 assessment in 2020, 207 units).
- Frederick Lofts: 840 West Juneau Avenue. \$150,015/unit (\$15,001,500 assessment in 2020, 100 units).
- Clover Apartment: 161 West Wisconsin Avenue (Unit 2). \$153,723/unit (\$7,993,600 assessment in 2020, 52 units).

Once the market-rate apartments are stabilized in 2023, it is assumed that units will be valued at \$145,000/unit, due to their location and quality. Therefore, the market-rate apartments will be valued at \$16,820,000, upon stabilization in 2023.

*Student Housing Value:*

Unit 2 of the JS Project will include 83 student apartment units with 195 beds. Similar student housing units in the area are assessed at:

- Eleven25: 1125 North 9th Street. \$35,205/bed (\$12,709,300 assessment in 2020, 151 units and 361 beds).
- The Marq/2040 Lofts: (2040 West Wisconsin Avenue). \$103,896/bed (\$36,883,100 assessment in 2020, 131 units and 355 beds. This property also includes first floor commercial/retail units.
- Based on conversations with the City Assessor's Office, student housing projects are typically valued on an income basis, not a comparable basis. A cap rate of 6-7.25% is used to determine the assessed values of student housing project in the City of Milwaukee. For the purposes of this feasibility study, a 6.75% cap rate is used. Using the JS Developers' projected net operating income of \$1,069,213 and a loaded cap rate of 9.5% (6.75% and 2.75% property tax rate) would lead to an assessed value of \$11,254,873 ( $\$1,069,213 / .095$ ), or \$57,717/bed.

Once the student housing units are stabilized in 2023, it is assumed that units will be valued at \$57,000/bed. Therefore, the student housing units will be valued at \$11,115,000, upon stabilization in 2023.

Therefore, combined, it is anticipated that the JS Project's assessed value will be \$27,935,000 (\$16,820,000 + \$11,115,000) upon stabilization in 2023. A 1% annual appreciation on the JS Project is assumed.

**Anticipated District Cash Flow:**

Attached as Table 1 is a cash flow forecast for the proposed Amendment No. 1 to the District. Basic parameters of this forecast are:

- 2023 Value of the JS Project Site: \$27,935,000
- 2020 Baseline Value of the JS Project Site: \$8,016,866
- Incremental Value of the JS Project Site in 2023: \$19,918,134
- Tax Rate: 2.759%
- Interest Rate on City Borrowing from initial Project Costs: 4.50%
- Interest Rate on Monetary Obligation: 4.50%
- Annual Appreciation: 1.00%
- One-Time Decrease in Assessed Value due to COVID-19 Concerns: 25% in 2021 values
- Amendment Project Costs: \$1,000,000, plus \$75,000 in administrative costs (\$7,500 annually)
- Issuance Costs: 1.00%

As shown in the forecast, the District is able to amortize the original District Project Costs and the Monetary Obligation from Amendment No. 1 by 2029, the 14th year of the District. Given this estimate, the proposed District is determined to be feasible and capable of amortizing the Project Costs within the statutory life of the proposed District.

**Table 1: Economic Feasibility Study for Amendment No. 1 to TID 84**

No.	Assessment Year	Budget Year	Base Value	Projected Value	TID Incremental Value	Increment	Cumulative Inc. Revenue	Parking Revenues	City Debt Service	Developer Financed Loan	Amend #1 JS Project	Total		After reserving for remaining debt Surplus/(deficit)	TID Payoff
												Cash flow	Cum. Cash Flow		
1	2015	2016	60,111,100											(29,706,511)	
2	2016	2017	60,111,100	64,340,700	4,229,600	124,545	124,545	35,403	(90,154)			69,794	69,794	(29,546,563)	No
3	2017	2018	60,111,100	75,413,800	15,302,700	451,852	576,397	313,063	(335,166)			429,749	499,542	(28,781,648)	No
4	2018	2019	60,111,100	97,905,300	37,794,200	1,052,820	1,629,217	1,108,724	(336,132)			1,825,412	2,324,954	(26,620,104)	No
5	2019	2020	60,111,100	107,799,500	47,688,400	1,315,625	2,944,842	1,000,000	(336,132)			1,979,493	4,304,447	(24,304,479)	No
6	2020	2021	60,111,100	142,613,000	82,501,900	2,276,227	5,221,069	250,000	(336,132)			2,190,095	6,494,542	(21,778,251)	No
7	2021	2022	60,111,100	108,029,348	47,918,248	1,451,950	6,673,019	500,000	(1,053,882)		(129,885)	768,182	7,262,724	(19,826,302)	No
8	2022	2023	60,111,100	109,109,641	48,998,541	1,756,526	8,429,545	750,000	(1,055,838)			1,046,032	8,308,755	(17,319,776)	No
9	2023	2024	60,111,100	110,200,737	50,089,637	1,924,014	10,353,559	1,000,000	(1,052,393)		(542,041)	1,329,581	9,638,336	(14,395,761)	No
10	2024	2025	60,111,100	111,302,745	51,191,645	1,502,377	11,855,937	1,000,000	(1,055,540)	(2,284,267)	(90,000)	(927,429)	8,710,907	(11,893,384)	No
11	2025	2026	60,111,100	132,333,906	72,222,806	1,992,627	13,848,564	1,000,000	(1,051,990)	(2,512,818)		(572,181)	8,138,726	(8,900,757)	No
12	2026	2027	60,111,100	133,657,245	73,546,145	2,029,138	15,877,702	1,000,000	(1,056,890)	(2,544,688)		(572,439)	7,566,286	(5,871,619)	No
13	2027	2028	60,111,100	134,993,818	74,882,718	2,066,014	17,943,716	1,000,000	(1,054,040)	(2,576,876)		(564,902)	7,001,384	(2,805,604)	No
14	2028	2029	60,111,100	136,343,756	76,232,656	2,103,259	20,046,975	1,000,000	(1,055,265)	(2,609,385)		(561,391)	6,439,993	297,655	YES
15	2029	2030	60,111,100	137,707,193	77,596,093	2,140,876	22,187,852	1,000,000	(1,054,915)	(868,391)		1,217,571	7,657,564	3,438,531	YES
16	2030	2031	60,111,100	139,084,265	78,973,165	2,178,870	24,366,721	1,000,000	(1,052,940)			2,125,930	9,783,494	6,617,400	YES
17	2031	2032	60,111,100	140,475,108	80,364,008	2,217,243	26,583,964	1,000,000	(1,054,227)			2,163,016	11,946,510	9,834,643	YES
18	2032	2033	60,111,100	141,879,859	81,768,759	2,256,000	28,839,964	1,000,000	(1,054,290)			2,201,710	14,148,220	13,090,643	YES
19	2033	2034	60,111,100	143,298,658	83,187,558	2,295,145	31,135,109	1,000,000	(1,053,081)			2,242,064	16,390,284	16,385,788	YES
20	2034	2035	60,111,100	144,731,644	84,620,544	2,334,681	33,469,790	1,000,000	(4,496)			3,330,185	19,720,469	19,720,469	YES
21	2035	2036	60,111,100	146,178,961	86,067,861	2,374,612	35,844,402	1,000,000				3,374,612	23,095,081	23,095,081	YES
22	2036	2037	60,111,100	147,640,750	87,529,650	2,414,943	38,259,345	1,000,000				3,414,943	26,510,024	26,510,024	YES
23	2037	2038	60,111,100	149,117,158	89,006,058	2,455,677	40,715,022	1,000,000				3,455,677	29,965,701	29,965,701	YES
24	2038	2039	60,111,100	150,608,329	90,497,229	2,496,819	43,211,841	1,000,000				3,496,819	33,462,520	33,462,520	YES
25	2039	2040	60,111,100	152,114,413	92,003,313	2,538,371	45,750,212	1,000,000				3,538,371	37,000,891	37,000,891	YES
26	2040	2041	60,111,100	153,635,557	93,524,457	2,580,340	48,330,552	1,000,000				3,580,340	40,581,231	40,581,231	YES
27	2041	2042	60,111,100	155,171,912	95,060,812	2,622,728	50,953,280	1,000,000				3,622,728	44,203,959	44,203,959	YES
							50,953,280	22,957,190	(15,143,503)	(13,396,425)	(1,166,583)	44,203,959			

Annual appreciation	1.010
Interest Rate - Developer	4.50%
Base Value	60,111,100
Property Tax rate	2.759%
Issuance Costs	120,000
City Project Costs	12,000,000
Developer Project Costs	8,000,000

Journal Sentinel  
 4.50% Interest rate  
 8,016,866 Base at 2020  
 27,935,000 New value

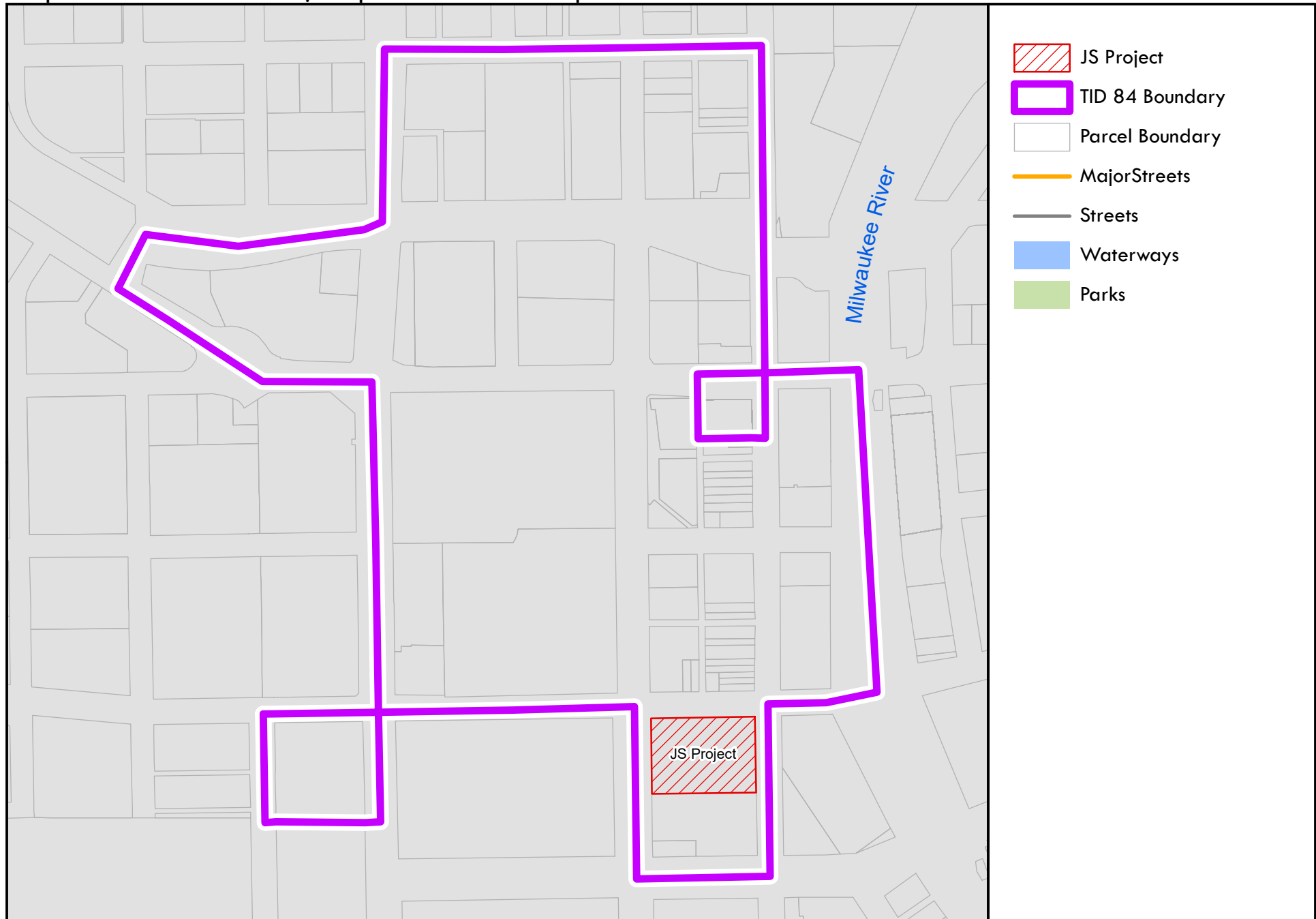
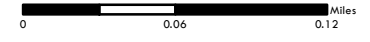
NPV  
 \$1,000,294.04



# TID NO. 84: WEST MCKINLEY AND WEST JUNEAU

## Map 3: Amendment No. 1, Proposed Uses and Improvements

Prepared by the Department of City Development Planning Division, 4/24/2020  
Source: DCD Planning Division; Information Technology Management Division



-  JS Project
-  TID 84 Boundary
-  Parcel Boundary
-  Major Streets
-  Streets
-  Waterways
-  Parks