

September 19, 2016

Patricia T. Najera
Chairwoman, City of Milwaukee Plan Commission
City of Milwaukee
809 North Broadway
Milwaukee, WI 53202

Re: September 19, 2016 Agenda | Item #10 | File 160663

Dear Chairwoman Najera:

We are owners of property at 224-44 East Florida Street, within the proposed “neighborhood improvement district” being discussed at today’s Plan Commission meeting as Item #10, File 160663. **We are writing in opposition to the proposed district or, in the event the district is formed, requesting that our properties be excluded from the district’s boundaries.**

Neighborhood revitalization and reinvestment is critical in the Walker’s Point neighborhood as it is throughout the City of Milwaukee. Our company has been a major contributor both through the direct payment of real estate taxes (MMSD lists Mandel Group entities as a top-10 taxpayer within the area) and through public/private investment in public assets such as the Riverwalk. There are no more committed partners for the public sector than Mandel Group when it comes to investing in our own backyard, as evidenced by our 25-year track record in this market.

The fundamental challenge posed by NIDs is that they add another layer of ad-valorem taxation onto a burden that already unevenly allocates tax liability to rental housing properties in our city. The system of assessing valuations and absorbing responsibility for the costs of operating our city are broken and need to be corrected. As recently as yesterday’s story on the research conducted by The Public Policy Forum, the key to growing our city is diversifying the tax base by restricting further reliance on ad valorem real property taxation.

There is no vehicle to “pass through” taxes to our apartment residents as is the practice in commercial real estate. The impact on the financial performance of a rental housing real estate asset is immediate, and significant. The end result is that residents desiring to live downtown are asked to pay substantially more in an attempt to cover the real estate tax burden, and developers, lenders, investors and others who risk their capital to grow our tax base are discouraged from new rental housing investments as feasibility is stretched beyond acceptable thresholds.

Several aspects of the NID proposal suggest that it could be the wrong vehicle, or too narrowly focused, to advance the interests of the Walker's Point neighborhood. It appears that a business improvement district (BID) may be more applicable for the delineated area, based on current and future land use patterns. Further, given that over 20% of the budget for the proposed NID is directed to cover administrative and overhead expenses of the Walker's Point Association – of which we are a member and to which we have and will continue to provide financial support beyond our membership dues – we wonder why any proposed district, either a BID or NID, would not cover the entire area of interest to this Association. Clearly, the difference between a BID and NID is the ability to levy taxes on particular property types. A NID incorporates income-producing residential properties and is intended in part, per the draft operating plan, for "...neighborhoods composed exclusively of large multifamily housing units..." as well as mixed use neighborhoods. The proposed district focuses on/is centered on the First and Second Street corridors, both of which are predominantly commercial – and should be, based on sound urban design principles, suggesting that a BID is more appropriate in application.

We own properties in other BID districts within the City, where we are essentially self-sufficient in terms of normal property owner responsibilities such as graffiti control/removal, trash pickup, snow removal, and other activities that appear to be intended as key operating tasks of the proposed NID. We believe all property owners should retain control over these ownership responsibilities, as a fundamental obligation of owning real estate. As to an operating contribution to the Walker's Point Association, we would be highly receptive to an "ask" for operational support above and beyond our membership fees, just not through a disproportionate levy/benefit of a NID.

If the balance of the area (exclusive of our Florida Street properties) wishes to establish a NID we do not object, however we ask that our Florida Street properties be removed from the delineated district.

Very Truly Yours,
MANDEL RIVERFRONT HOLDINGS I LLC
By: Mandel Group, Inc., authorized agent



Robert B. Monnat
RBM/bh