

**AMENDMENT TO PROJECT PLAN
FOR
TAX INCREMENTAL DISTRICT NO. 56
CITY OF MILWAUKEE**

Initial Joint Review Board Meeting:

Public Hearing Held:

Redevelopment Authority Approved:

Common Council Approved:

Joint Review Board Approved:

AMENDMENT TO PROJECT PLAN

TAX INCREMENTAL DISTRICT NO. 56 (Erie Jefferson Riverwalk) CITY OF MILWAUKEE

BACKGROUND

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

The City of Milwaukee created Tax Incremental District No. 56 in 2004 for the purpose of facilitating the extension of the City's Riverwalk along the east bank of the Milwaukee River between N. Broadway and the Harbor. In addition, the district was created to promote the coordinated development of vacant and underutilized space through the construction of public improvements such as streets and plazas, and increased pedestrian access and circulation.

To date, \$6.3 million in project costs have been incurred, including interest on debt and associated carrying charges, and approximately \$19 million of incremental revenue has been generated in the TID.

In summary, Amendment No. 2 to the Project Plan will provide \$128,000 for the purposes of acquiring riverfront property and performing necessary engineering studies on existing railroad structures, with the intent of extending the City's Riverwalk and increasing public access to the Milwaukee River. In addition, Amendment No. 2 will also donate funds to three districts which have incurred substantial costs for low and moderate income housing developments, but have generated little, or no incremental revenue.

The Tax Increment Law (Wis. Stats. Section 66.1105) allows tax increment districts, under certain circumstances, to donate revenues to other tax increment districts in the same municipality. Generally, these circumstances are:

- The "Donor" and the "Recipient" district must have the same overlying taxing jurisdictions;
- The amendment to donate funds must be made before the Donor district has recovered all of its project costs;
- The Recipient district must have been created upon a finding that not less than 50%, by area, of the real property in the district is blighted, or is in need of rehabilitation; or, its project plan provided funds to create or rehabilitate low-cost housing or to remediate environmental contamination;

- The Donor district, once established, cannot request or receive an extension to its life;
- The amount of the donated funds may not exceed the difference between the annual tax incremental revenue collected by the Donor district, and the funds needed to pay the Donor's project costs or debt service in that year;
- Donations may be made for a period of five years, and upon additional approvals from the City and Joint Review Board, may be made for an additional five years, if needed. This second amendment must be made in the fourth year of the initial five-year donation period; and

The process of donating funds from one district to another is accomplished by the adoption of an amendment to the Donor district's Project Plan, and is subject to approval by the Common Council, and Joint Review Board.

Amendments to the Project Plan:

The following amendments are made to the Project Plan.

II. PLAN PROPOSALS

Section II.B.1.a. is amended by adding the following:

- 9. Acquisition of Property
- 10. Engineering Studies of existing railroad structures

Section II.B.1.b. is amended by adding the following:

Erie St Project Cost	Total Cost
Property Acquisition	\$ 53,000
Engineering	\$ 75,000
Total	\$ 128,000

Section II.B.2. is restated as follows:

Table A
List of Estimated Project Costs

A	Capital Costs	
	To Date	\$6,787,704
B	Other	
	To Date: Administrative, Professional & Legal	\$ 253,000
	Amendment No. 2: Acquisition & Engineering	\$ 128,000
C	Contingency	\$ 423,121
	Total Estimated Project Costs, excluding financing	\$7,591,825

Section II.B.3.a. is amended by adding the following:

Schedule A
Estimated Timing of Project Costs

<u>Year</u>	<u>Estimated Project Cost</u>	<u>Cumulative Total</u>
2013	\$128,000	\$128,000

Section III.B.4. “Economic Feasibility Study”

Please see Exhibit A: Calculation of Remaining Amount to be Recovered in TID 56, attached.

Section III.B.6. “Map Showing Proposed Improvements and Uses”

Map 3 is amended by adding the attached map identifying the proposed property acquisition.

DONOR DISTRICT

Tax Incremental district No. 56 (Erie Jefferson Riverwalk) was approved by the Milwaukee Common Council on Sept. 23, 2004. Tax incremental revenue received from this district has totaled \$19,817,000, thru the “2012 for 2013 budget” levy. Project costs, including principal and interest payments due, future project expenses, and donations to other districts total, \$14,419,000.

While the district currently has a surplus, project costs to fund a riverwalk have not been incurred, and the district cannot, as yet, be terminated.

The district has a statutory termination date of 2031.

See Exhibit A for a summary of TID 56 costs and revenues.

As set forth below, it is proposed that donations be made from TID 56 to three districts which have substantial project costs, but have generated little or no incremental revenue. All three were established to assist the development of single and multi-family housing in Milwaukee’s central city.

RECIPIENT DISTRICTS

Tax Incremental District No. 58 (20th & Walnut) was created as a “blighted-area” district in 2005 in order to support the redevelopment of two key sites near N. 20th St. and W. Walnut Street. The sites are the five acre property of a former grocery store at 2101 W. Walnut, and an adjacent parcel which was the site of the London Square Apartments, a 115 unit, project that suffered from disrepair and absentee management. From a redevelopment perspective, the two sites have been viewed as interdependent. Eventually a developer acquired the London Square project and implemented a significant renovation.

The TID funded the acquisition, demolition, and remediation of the former grocery store, and public improvements for a single-family development on that site. By year end, 2007, three model homes were completed and were sold in 2008. Since that time, due to the downturn in the residential real estate market, no sales activity has taken place.

Currently, total project costs of \$3,690,000 need to be recovered. The district has generated only \$13,000 of incremental revenue, and the incremental value of the district is negative \$536,000.

See Exhibit B for a summary of TID 58 costs and revenues.

Tax Incremental District No. 65 (N. 20th & W. Brown Streets) was created in 2006 as a “blighted-area” district to fund infrastructure for a 60 home and 24-unit townhouse development in the Fond du Lac and North Ave. neighborhood. As of year-end 2012,

three homes were sold, but due to the decline in demand for new housing there have been no additional sales or construction of new homes.

The district funded public infrastructure, site acquisitions, remediation costs, and loans/grants for rehabilitating existing homes. As of January 2011, all public improvements had been completed.

Project costs remaining to be recovered in TID 65 are \$4,922,000. District incremental value is negative.

See Exhibit C for a summary of TID 65 costs and revenues.

Tax Incremental District No. 66 (Metcalf Park Homes) was created in 2007 as a “blighted-area” district. This district was created to support new housing development and revitalization efforts in the Metcalfe Park area, bounded by N. 27th St., N. 39th St., W. Meinecke Ave., and W. Center St.

The district funded a grant to a developer which constructed 30 new single-family homes on City-owned scattered sites. The homes were leased to tenants on a “lease to own” basis. All homes are complete and have been leased.

In addition, the TID funded a forgivable loan pool to finance repairs to owner-occupied homes in the area.

While the projects themselves have been successful, the downturn in the real estate market, and the high number of foreclosures in the district have resulted in an incremental value which is negative \$13.6 million.

Project costs of \$1,929,000 remain to be recovered.

See Exhibit D for a summary of TID 66 costs and revenues.

PROPOSED DONATIONS

Given the foregoing, the following donations are proposed from TID 56:

- In 2013, TID 56 will donate \$2,000,000 each to TID 58 and TID 65, and the balance of its surplus funds to TID 66;
- In 2014, TID 56 will donate funds sufficient to pay the remaining project costs of TID 66, and divide the remaining funds received that year between TID 58 and TID 65;
- In 2015, and in the following two years if necessary, TID 56 will pay off the remaining project costs in TID 58 and TID 65.

In 2013, tax incremental revenue received by TID 56 was \$3,162,300 (see Exhibit A) bringing its current surplus to \$5.2 million.

Consequently, and assuming TID 56 generates approximately \$3 million annually, the donations and payments set forth above would result in the following:

	Contrib. from TID 56, to:	Acq.. & Engineer.	TID 58	TID 65	TID 66
Costs to be Recovered		\$128,000	\$3,690,290	\$4,922,330	\$1,928,740
Donations:					
2013	\$5,215,800	\$128,000	\$2,000,000	\$2,000,000	\$ 1,087,800
2014	3,000,000 est.		1,130,030	1,130,030	840,940
2015	2,252,560 est.		460,260	1,792,300	
Totals			3,690,290	\$,922,330	1,928,740


EXHIBIT A: CALCULATION OF REMAINING AMOUNT TO BE RECOVERED IN TID 56	Erie/ Jefferson TID-56	
Life-to-date 2-25-13 project expenditures	\$ 6,329,234	
Estimated future project expenditures		
Remaining encumbrances	-	
Remaining appropriation	882,611	
Acquisition and Engineering Per Amendment No. 2	128,000	
Interest payments through December 31, 2012	1,095,132	
Add bond interest costs:		
Scheduled 2013 to maturity	2,181,658	
Estimated interest on future borrowings	329,465	
Estimated future capitalized interest	102,857	
Cumulative City of Milwaukee carrying cost	(178,658)	
Total project costs	10,870,300	
Project revenues	-	
Bond proceeds in excess of principal debt service payments	(66,846)	
Net project costs to be recovered through tax increments	10,803,454	
Tax increments levied:		
2005	251,120	
2006	1,520,961	
2007	2,698,047	
2008	2,851,400	
2009	3,340,702	
2010	3,022,536	
2011	2,969,773	
2012	3,162,329	
Total tax increments levied at December 31, 2012	19,816,868	
Donations to TIDs 35 & 69	(3,797,565)	
Amount to be recovered	\$ (5,215,849)	
Remaining recovery years	20	

EXHIBIT B : CALCULATION OF REMAINING AMOUNT TO BE RECOVERED IN TID 58	20th Street & Walnut TID-58
Life-to-date 2-25-13 project expenditures	\$ 2,449,443
Estimated future project expenditures	
Remaining encumbrances	-
Remaining appropriation	127,172
Interest payments through December 31, 2012	573,401
Add bond interest costs:	
Scheduled 2013 to maturity	637,181
Estimated interest on future borrowings	12,299
Estimated future capitalized interest	3,840
Cumulative City of Milwaukee carrying cost	2,925
Total project costs	3,806,261
Project revenues	(38,396)
Bond proceeds in excess of principal debt service payments	(64,509)
Net project costs to be recovered through tax increments	3,703,356
Tax increments levied:	
2006	1,501
2007	-
2008	-
2009	11,567
2010	-
2011	-
2012	-
Total tax increments levied at December 31, 2012	13,068
Amount to be recovered	\$ 3,690,288
Remaining recovery years	21
































EXHIBIT C: CALCULATION OF REMAINING AMOUNT TO BE RECOVERED IN TID 65	N. 20th/ W. Brown TID-65
Life-to-date 2-25-13 project expenditures	\$ 2,025,892
Estimated future project expenditures	
Remaining encumbrances	-
Remaining appropriation	1,284,819
Interest payments through December 31, 2012	227,318
Add bond interest costs:	
Scheduled 2013 to maturity	917,762
Estimated interest on future borrowings	414,665
Estimated future capitalized interest	129,457
Cumulative City of Milwaukee carrying cost	44,238
Total project costs	5,044,151
Project revenues	-
Bond proceeds in excess of principal debt service payments	(105,528)
Net project costs to be recovered through tax increments	4,938,623
Tax increments levied:	
2008	7,232
2009	9,065
2010	-
2011	-
2012	-
Total tax increments levied at December 31, 2012	16,297
Amount to be recovered	\$ 4,922,326
Remaining recovery years	22

EXHIBIT D : CALCULATION OF REMAINING AMOUNT	Metcalfe
TO BE RECOVERED IN TID 66	Park Homes
	TID-66
Life-to-date 2-25-13 project expenditures	\$ 1,244,157
Estimated future project expenditures	
Remaining encumbrances	-
Remaining appropriation	331,903
Interest payments through December 31, 2012	118,425
Add bond interest costs:	
Scheduled 2013 to maturity	281,364
Estimated interest on future borrowings	107,685
Estimated future capitalized interest	33,619
Cumulative City of Milwaukee carrying cost	4,374
Total project costs	2,121,527
Project revenues	-
Bond proceeds in excess of principal debt service payments	(82,983)
Net project costs to be recovered through tax increments	2,038,544
Tax increments levied:	
2008	109,805
2009	
2010	-
2011	-
2012	-
Total tax increments levied at December 31, 2012	109,805
Amount to be recovered	\$ 1,928,739
Remaining recovery years	22

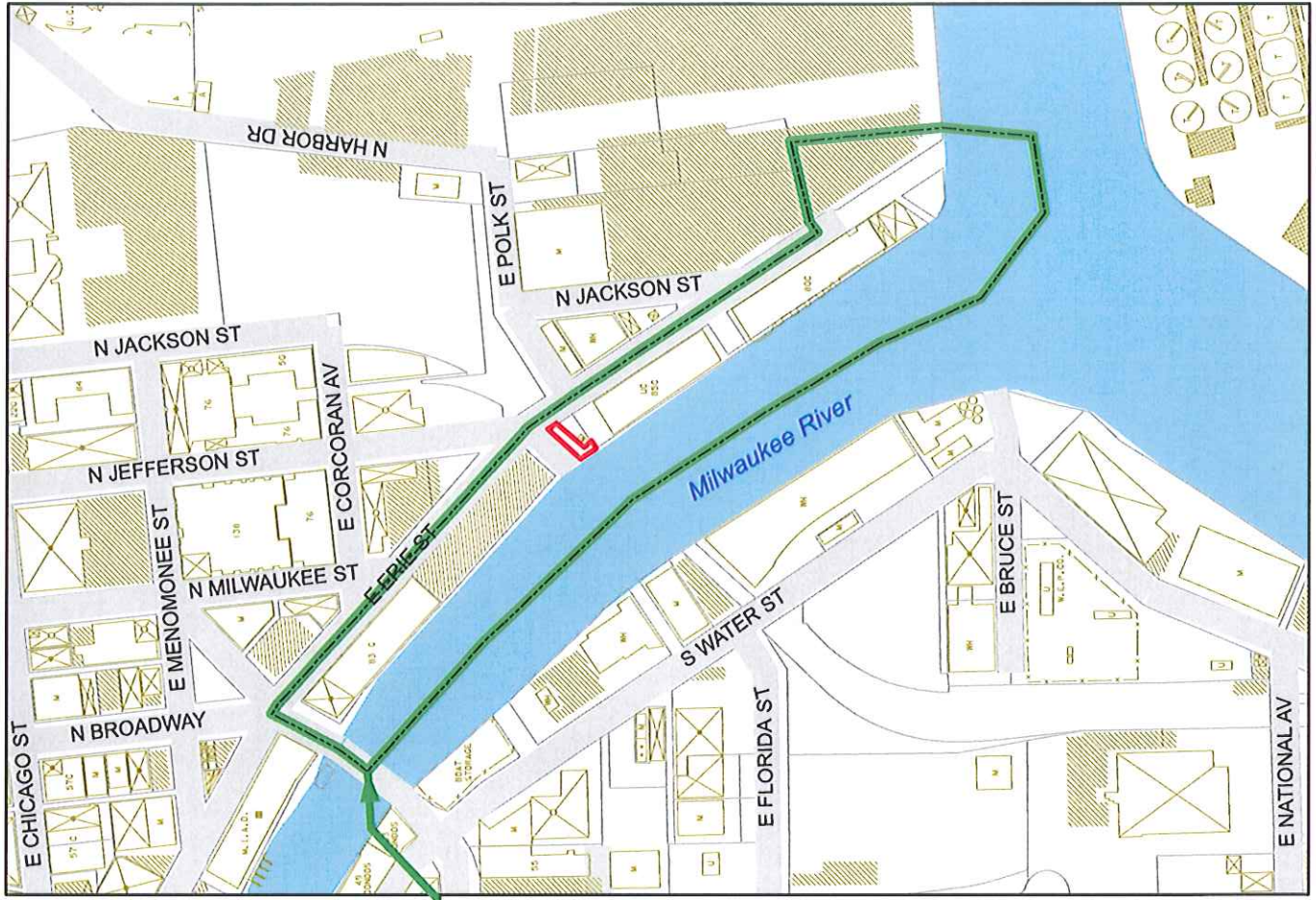
Legend



 TID BOUNDARY

 PROPERTY ACQUISITION (501 E. ERIE ST.)

LEGEND	
	SINGLE FAMILY RESIDENTIAL
	TWO FAMILY RESIDENTIAL
	MULTI-FAMILY RESIDENTIAL
	CONDOMINIUM
	DORMITORY
	ROOMING HOUSE
	HOTEL / MOTEL
	COMMERCIAL WITH RESIDENCE
	COMMERCIAL
	MIXED COMMERCIAL
	OFFICE OR PROFESSIONAL SERVICES
	MANUFACTURING AND WAREHOUSING
	UTILITY COMPANY
	STORAGE TANK
	ACCESSORY BUILDING
	HOSPITAL
	SKILLED CARE FACILITY / GROUP HOME
	PLACE OF WORSHIP
	NON - PUBLIC EDUCATION
	GOVERNMENTAL OR QUASI-PUBLIC BUILDING
	POLICE STATION
	FIRE STATION
	PUBLIC SCHOOL
	PARK
	CEMETERY
	BASKETBALL COURT
	TENNIS COURT
	FENCE
	ELECTRICAL LINE TRANSMISSION
	TONER
	UNDER CONSTRUCTION

TID BOUNDARY



MAP NO.	AMENDMENT NO. 2 - TID 56	
	PROPOSED IMPROVEMENTS AND USES	
PAGE 1.	DATE: JUNE 4, 2013	
<p>Prepared by the Department of City Development, 6 June 2013 Source: City of Milwaukee Information and Technology Management Division Path: F:\GIS_Data\Projects\13-06-04 TID Map sfor Alyssa (41 & 56)\TID 56 Update.mxd</p>		
		 NORTH