

Project Plan  
For  
Tax Incremental District Number No. 117  
City of Milwaukee  
(Filer and Stowell)

Public Hearing Held:  
Redevelopment Authority Adopted:  
Common Council Adopted:  
Joint Review Board Approval:

Prepared by  
Department of City Development

In Conformance with the provisions  
Of Section 66.1105, Wisconsin Statutes,  
as Amended.

## I. DESCRIPTION OF PROJECT

### A. Introduction

Section 66.1105(4) (d), Wisconsin Statutes, requires the "preparation and adoption... 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 117 ("District" or "TID No. 117"), City of Milwaukee, Filer and Stowell, is comprised of one parcel totaling 436,273 square feet or 10 acres ("Property"). The District is shown on Map No. 1, "Boundary and Existing Land Use," and described more precisely in Exhibit 1, "Boundary Description."

All of the area and real property located within the District was found to be in need of rehabilitation or conservation work within the meaning of Section 66.1105 (4) (gm) of the Wisconsin Statutes. Exhibit 2 "Property Characteristics," illustrates how the properties in the District meet the statutory criteria for Tax Incremental Districts. The project does not contain any retail space and per Wisconsin Statute 66.1105 (5) (b), 0% of the property within the district will be devoted to retail business at the end of the maximum expenditure period.

### C. Plan Objectives

The Property is located between the East Becher Street and East Lincoln Avenue at South 1<sup>st</sup> Street in Milwaukee's Harbor District neighborhood. The property is comprised of the former Filer and Stowell industrial complex.

The Developer for the site is Bear Development. The Developer is proposing a redevelopment plan for the Property which includes the demolition of the vacant industrial buildings on the site and the construction of 8 new buildings, containing 576 housing units, including 144 elderly units and 432 family units affordable across a range of incomes.

The site is located in Milwaukee' Harbor District neighborhood which has experienced significant new development, including industrial, commercial office, retail, residential, and public space. The purpose of the District is to continue to spur revitalization in the area, by redeveloping the Property as a high quality development with a range of housing opportunities for residents.

The more detailed objectives of this Project Plan are to:

1. Eliminate a blighting influence in the Harbor District neighborhood.

2. Promote the coordinated development of underutilized property for appropriate residential use.
3. Support past and future investment in the neighborhood through the redevelopment of a property that is currently vacant and underutilized.
4. Create new employment opportunities.

#### D. Existing Land Uses in the District

The District is comprised of a single parcel containing 10 acres. The site is vacant and underutilized. The parcel is assessed at \$1,304,700 and is zoned IM (Industrial Mixed).

## II. PLAN PROPOSALS

### A. Statutory Requirements

Section 66.1105(4) (f), Wisconsin Statutes, requires that a Project Plan for a Tax Incremental District 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."

Funds generated from the District will provide an annual grant to the Developer to offset costs associated with redevelopment of the Project. The City will make payments to the

Developer equal to 100% of the incremental taxes certified and collected in the District from real and personal property, less an annual administration charge, until such time as \$9,200,000 is repaid by payments at an interest rate of 5.8 % over a period not to exceed 17 years (the “Monetary Obligation”). See the Term Sheet, attached as Exhibit 3, “Term Sheet”.

2. "Detailed List of Estimated Project Costs."

The costs included in this subsection and detailed in Table B which follows are, without limitation hereof because of enumeration, claimed as 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 Developer(s), provided further that such expenditures are necessitated by this Project Plan.

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

Capital Costs

The City shall fund an estimated \$9,200,000 in the form of TID Capital Project Costs enumerated in further detail in Table A of this Plan. The allocation of these costs will be set forth in the Term Sheet.

<b>TABLE A: TID Capital Project Costs</b>	
<b>Grant to Project (Monetary Obligation to Developer)</b>	\$ 9,200,000
<b>TOTAL Capital Project Costs</b>	<b>\$ 9,200,000</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 expense on the Monetary Obligation to repay the Developer. Estimates of interest are based on interest rates as Exhibit 4, “Feasibility Study.” The City reserves the right to prepay the Monetary Obligation to the Developer, which could require issuance of general obligation debt, as described in the Term Sheet.

Table B - List of Estimated Project Costs

A	<u>Capital:</u> Grant to Project (Monetary Obligation to Developer)	\$ 9,200,000
B	<u>Other:</u> Administration (\$7,500/year for 15 years)	\$ 112,500
	Total Estimated Project Costs, excluding financing	\$ 9,312,500
C	<u>Financing:</u> Interest	\$ 6,155,700

3. "Description of Timing and Methods of Financing."

All expenditures are expected to be incurred during the period from 2023 through 2040.

The annual payments to the Developer will be repaid pursuant to the Monetary Obligation, using incremental taxes generated annually in the District.

4. "Economic Feasibility Study."

The Economic Feasibility Study for this District prepared by the Ehlers Public Finance Advisors and titled Economic Development Analysis for proposed Filer and Stowell Tax Incremental District and dated August 4, 2023 is attached to this Project Plan as Exhibit 4, "Feasibility Study." The study establishes the dollar value of Project costs which, based on certain general assumptions and a reasonable margin of safety, can 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 on or before the year 2040. Should incremental revenues be generated in excess of those currently anticipated, they may be used to accelerate the repayment of the Monetary Obligation for the Project.

5. "Map Showing Existing Uses and Conditions."

Please refer to Map No. 1, "Boundary and Existing Land Use," Map No. 2, "Structure Condition," and Exhibit 5, "Property Owners" in the Exhibits Section, which follows.

6. "Map Showing Proposed Improvements and Uses."

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

proposed Project is consistent with existing zoning, which is IM (Industrial Mixed). The proposed Project is in accordance with the existing master plan, building codes, and other city ordinances. The Project should not require amendments to their provisions, but such amendments could be made if necessary without further amendment to this Project Plan.

8. "List of Estimated Non-Project Costs."

\$0 – there are no Non-Project Costs.

9. "Proposed Method for Relocation."

The Project Plan does not anticipate the acquisition of property by the City of Milwaukee, accordingly, no relocation activities or expenditures for relocation payments or services are provided herein. If, at a later date, it is determined that acquisition of property by condemnation and requiring relocation will be necessary, the cost and method of relocation will be included in a Redevelopment Plan and associated Relocation Plan prepared pursuant to sec. 66.1333 and sec. 32.05, Wis. Stats. The costs of such activities will be eligible for reimbursement through tax increment revenues should such revenues be generated during the statutory life of the District.

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

The project site is located within the boundary of the Harbor District Water and Land Use Plan, one of the 14 geographically-specific Area Plans that make up the City of Milwaukee's overall Comprehensive Plan.

Specifically, the project site is located within the Lower Kinnickinnic sub-district within the plan area. This sub-district, and this site specifically, were identified within the plan to transition from their formal industrial uses to a wider mix of uses including residential to create new housing opportunities in this area. The Plan also specifically identified the need for a range of housing options.

11. "Opinion of the City Attorney."

Please see Exhibit 6, "Letter from the City Attorney" in the Exhibits Section, which follows.

## EXHIBITS

<u>Exhibit</u>	<u>Title</u>
Exhibit 1	Boundary Description
Exhibit 2	Property Characteristics
Exhibit 3	Term Sheet
Exhibit 4	Economic Feasibility Study
Exhibit 5	Property Owners
Exhibit 6	City Attorney's Letter
Map 1	Boundary and Existing Land Use
Map 2	Structure Condition
Map 3	Proposed Uses and Proposed Improvements
Map 4	Existing Zoning

## **Exhibit 1**

### **Boundary Description**

Beginning at a point at the intersection of the south line of East Lincoln Avenue and the west line of 2252 South 1<sup>st</sup> Street;

Thence south along the west line of 2252 South 1<sup>st</sup> Street to the intersection of the north line of East Becher Street and the west line of 2252 South 1<sup>st</sup> Street;

Thence west along the north line of East Becher Street to the intersection of the north line of East Becher Street and the west line of 147 East Becher Street;

Thence north along the west line of 147 East Becher to the intersection of the west line of 147 East Becher and the south line of East Lincoln Avenue;

Thence east along the south line of East Lincoln Avenue to the point of the beginning more particularly depicted in Map 1 of the Project Plan.



## Exhibit 2

### Property Characteristics

Findings substantiating that not less than 50%, by area, of the real property within the proposed district in need of conservation within the meaning of Section 66.1105(4) (gm) 4.a. Wisconsin Statutes.

<b>Tax Key</b>	<b>Owner Name</b>	<b>Land Assessment</b>	<b>Improvement Assessment</b>	<b>Total Assessment</b>	<b>Lot SF</b>	<b>In Need of Rehabilitation or Conservation Work</b>
<b>4671611000*</b>	<b>Beta-Becher Acquisition Company, LLC</b>	<b>\$242,600</b>	<b>\$200</b>	<b>\$242,800</b>	<b>436,273</b>	<b>436,273</b>
<b>4671612000*</b>	<b>Beta-Becher Acquisition Company, LLC</b>	<b>\$310,100</b>	<b>\$100</b>	<b>\$310,200</b>	<b>Inc. above</b>	<b>Inc. above</b>
<b>4671613000*</b>	<b>Beta-Becher Acquisition Company, LLC</b>	<b>\$262,400</b>	<b>\$100</b>	<b>\$262,500</b>	<b>Inc. above</b>	<b>Inc. above</b>
<b>4671614000*</b>	<b>Beta-Becher Acquisition Company, LLC</b>	<b>\$151,300</b>	<b>\$100</b>	<b>\$151,300</b>	<b>Inc. above</b>	<b>Inc. above</b>
<b>4671615000*</b>	<b>Beta-Becher Acquisition Company, LLC</b>	<b>\$337,900</b>	<b>\$0</b>	<b>\$337,900</b>	<b>Inc. above</b>	<b>Inc. above</b>
<b>TOTAL</b>				<b>\$1,304,700</b>		<b>436,273</b>

\*The site previously consisted of five condominium units. The condominium ownership structure was terminated in September of 2022. In addition, a Certified Survey Map was recorded in February of 2023 combining two parcels underlying the condominium units. A new tax key will be assigned to the parcel site in 2024.

**Exhibit 3**  
**TERM SHEET**  
**Filer and Stowell**  
**TID No. 117**

**Project**

The Filer and Stowell Project, to be known as The Flats and Senior Living at Cream City Yards, (the “Project”) involves the redevelopment of a former industrial complex located between East Becher Street and East Lincoln Avenue at South 1<sup>st</sup> Street. The site contains a series of vacant industrial buildings. The existing buildings will be demolished and 8 new buildings will be constructed containing 576 housing units. The Project will include 432 family units and 144 elderly units with a mix of one and two bedroom units across a range of affordability, with units targeted to households from 40% to 80% of Area Median Income.

The site is located in the City’s Harbor District. Consistent with the Harbor District Water and Land Use Plan, the development will advance the goals of supporting the transition of sites from their formal industrial uses to a wider mix of uses and creating new housing option in the area, including mixed income housing.

The area around the site has experienced a substantial amount of development activity in recent years, including the Michels Corp’s development to the west, the Wheel and Sprocket development to the east, nearby new market rate apartments and the Milwaukee Urban Stables project at 1<sup>st</sup> and Lincoln.

**Development Team**

The project is being developed by FS Apartments, LLC (“Developer”) a single purpose entity affiliated with Bear Development. Since 1986, Bear has been involved in residential, mixed use and commercial development, including the development of over 3,000 housing units. Their recent Milwaukee projects include the conversion of the Historic Button Block Building on Water Street into a Homewood Suites, 700 Lofts, which was the adaptive reuse of a former office building into 49 apartments on 7<sup>th</sup> and Michigan and most recently, the new construction of the Michigan Commons project at 9<sup>th</sup> and Michigan which will contain 99 affordable housing units.

**Project Budget:**

Total estimated Project costs for the development are \$197 million. The financing structure includes low income housing tax credits, tax-exempt bond financing, a developer (sponsor) note, the Milwaukee Housing Trust Fund, solar housing tax credits, a grant from the Metropolitan Milwaukee Sewerage District (“MMSD”), a loan (applied for) from the Redevelopment Authority of the City of Milwaukee’s Brownfields Cleanup Revolving Loan Fund (“BCRLF”) and deferred development fee.

Estimated total project sources include:

First Mortgage	\$ 66,485,000
Sponsor Note	\$ 5,750,000
Low Income Housing Tax Credits	\$ 79,122,800
Bond Investment and Lease Up Income	\$ 5,847,100
City Tax Incremental District	\$ 9,200,000
Milwaukee Housing Trust Fund	\$ 835,000
MMSD Grant	\$ 1,000,000
BCRLF Loan (applied for)	\$ 1,250,000
Deferred Development Fee	<u>\$ 27,725,800</u>
Total	\$197,215,700

### **Development Schedule**

Construction of the Project shall commence no later than December 31, 2023 and the Project shall be substantially completed by December 31, 2026.

### **Tax Incremental District**

The City intends to create a Tax Incremental District (“TID No. 117”) to assist in funding a portion of the costs of the Project as set forth in the Project Plan.

### **Funding**

The Developer shall advance up to \$9,200,000 (subject to review of the final project budget and project assumptions) of costs related to the Project and shall be repaid for these costs through the Monetary Obligation.

Prior to substantial completion of the Project, City will deposit an amount equal to 100% of the tax incremental revenue actually received by City from TID No. 117, less Annual Expenses into a special fund established for TID No. 117. Upon substantial completion of the Project, such amount shall be disbursed to Developer and applied to reduce the principal balance of the Monetary Obligation.

Subsequent to substantial completion of the Project, following the deduction of Annual Expenses, 100% of incremental tax incremental revenue certified and collected from TID No. 117 will be allocated to repay the Developer for costs incurred for the Project through payments on the Monetary Obligation on or before March 1<sup>st</sup> of each year, provided the Project has paid its tax bill in full prior to January 31<sup>st</sup>.

All City payments of tax incremental revenue received by City from TID No. 117 shall be subject to annual appropriation. If not appropriated, City shall not expend such tax increments for any other TID No. 117 project costs.

### **Monetary Obligation**

The Monetary Obligation consists of a limited and conditional obligation to repay Developer an amount up to \$9,200,000 plus interest on the outstanding balance of the Monetary Obligation at 5.8% per year. (The interest rate on the Monetary Obligation reflects the preliminary interest rate on the Developer's underlying financing and is subject to change, based on the final closing date for the project. The final interest rate shall equal the final interest rate on the underlying financing for the project and shall not exceed 6%.) Any upward adjustment to the interest rate may result in a corresponding decrease in the amount of the Monetary Obligation). Payments on the Monetary Obligation are to be made annually following substantial completion of the Project and in an amount equal to 100% of tax incremental revenue actually received by the City from TID No. 117, less Annual Expenses.

The City may, at any time or from time to time, without notice, penalty, or fee, prepay all or any portion of the Monetary Obligation. In the event that City prepays a portion of the Monetary Obligation, 100% of tax incremental revenue allocated to payment of the Monetary Obligation shall be proportionately reduced to reflect such prepayment. 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.

The Developer shall have the right to assign all or a portion of the Monetary Obligation to sources of financing or refinancing on terms and conditions mutually agreeable between Developer and the proposed assignee(s). The City shall have a reasonable opportunity to review the applicable assignment documentation and approve any documentation to which it is a signatory.

### **Monetary Obligation Earned**

Upon substantial completion of the Project, Developer shall submit a certification detailing Project costs theretofore incurred (together with copies of records, invoices, accountant's final cost certification and/or AIA documentation, in a form reasonably acceptable to the Commissioner) evidencing such expenditures. The amount of the Monetary Obligation shall be deemed earned upon approval of such certification by the Commissioner.

### **Design/Consistency with Approved Plans**

Plans and specifications for the Project shall be subject to the review and approval of the City's Commissioner of City Development ("Commissioner").

### **Cost Savings/Other Grants**

If at completion, total Project costs submitted are less than the \$197.2 million estimated in the Project Budget or in the event the project receives additional proceeds from government grants ("cost savings"), the costs savings shall be first applied to reduce the deferred development fee to an amount that is no less than 70% of the total development fee for the project and then any remaining cost savings shall be applied to reduce the Monetary Obligation

As used herein “cost savings” shall be the net savings to the Project, such that if the cost savings are in a budget line item eligible for generating LIHTC equity, then the cost savings shall be the net amount after the reduction to LIHTC equity is calculated. For example, if there are \$10,000 of hard cost savings that result in a loss of \$4,000 of LIHTC equity, the cost savings would be \$6,000. Developer shall provide the Commissioner with a written statement of any such cost savings, which shall include a copy of IRS Form 8069 and that certain cost certification prepared by an independent certified accountant to be submitted to the Wisconsin Housing and Economic Development Authority in connection with the Project.

### **Terms 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 2039 tax levy, payable in 2040, whichever occurs first.

### **Material Disturbance**

If the Project is not substantially completed by December 31, 2026 (unless caused in substantial part by an event of *Force Majeure*) (a “Material Disturbance”), then City shall have the right (but not the obligation) to terminate further payments on the Monetary Obligation, using the following procedure:

(1) City shall give Developer notice of its intention to terminate further payments on the Monetary Obligation, and Developer shall have 180 days to eliminate the Material Disturbance, and

(2) Thereafter, if Developer has not timely eliminated the Material Disturbance and if City still intends to terminate payments on the Monetary Obligation, City’s Common Council shall adopt a resolution determining that the Material Disturbance prevents the substantial realization of the public benefits contemplated as a result of the Project and constitutes just cause for the termination of the Monetary Obligation. City shall thereafter file a certificate with Developer (attaching the resolution of the Common Council) stating that City has elected to terminate payments on the Monetary Obligation. Upon City such filing of the certificate, the Monetary Obligation shall terminate.

### **Developer Responsibilities:**

The Developer shall have the following responsibilities:

- Design and develop the Project consistent with the approved plans.
- Submit final development budget for the Project, financing commitments, final bids, a construction contract and proof that all funding sources have been committed (prior to closing).
- Guaranty completion of construction of the Project.

- Commence construction of the Project by December 31st, 2023 and substantially complete the Project by December 31st, 2026.

### **Human Resources:**

Developer and City will enter into a Human Resources Agreement that will provide for the utilization of certified Small Business Enterprise for 25% of Project construction costs, 25% for purchase of goods and services, and 18% of amounts expended for the purchase of professional services deemed eligible pursuant to SBE Guidelines and utilization of unemployed and underemployed residents for no less than 40% of the total worker hours expended on construction of the Project.

### **Easement for Bike Path**

The developer will construct an off street bike path through the property as shown in the approved plans for the Project and provide the City with a non-exclusive permanent easement for its use.

### **No Tax Exemption**

No portion of the Project shall at any time after closing be exempt from real estate taxes.

### **Development Agreement**

Developer and City shall enter into a development agreement (“Development Agreement”) containing terms consistent with this Term Sheet and customary for such development agreements.

### **Limits on Developer Action**

Until all Developer obligations under the Development Agreement have been fully discharged, Developer may not, without City consent:

- Merge with another entity;
- Sell, lease or transfer the Project sites other than residential leases in the ordinary course of business;
- Enter into any transaction that would materially adversely affect the ability of Developer to complete the Project or fulfill its obligations under the Development Agreement;
- Assume or guarantee the obligations of any other person or entity that would materially adversely affect the ability of Developer to complete the Project or fulfill its obligations under the Development Agreement; or
- Enter in a transaction that would cause a material and detrimental change to the Developer’s financial condition.

**General:**

This term sheet does not constitute an agreement between the Developer and the City. The terms set forth and any other requirements necessary for a transaction of this sort shall be incorporated into a Development Agreement to be entered into between the Developer and the City. 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 the City, the Commissioner of the Department of City Development will be authorized under these agreements to exercise such discretion and grant such approvals.

**Note:**

*Attachment 1 provides additional definitions to words and terms used in this Term Sheet in addition to the words and terms elsewhere defined.*

## **Attachment 1**

### **DEFINITIONS**

“Annual Expenses” means \$7,500 per year used to pay the customary and reasonable costs incurred by City of audit and accounting functions and other ongoing administrative expenses for TID No. 117.

“Force Majeure” means circumstances under which any party is delayed or prevented from the performance of any act required by an agreement by reason of fire, earthquake, war, flood, riot, strikes, labor disputes, judicial orders, public emergency or regulations, or other causes beyond the reasonable control of the party obligated to perform, then performance of such act shall be excused for the period of such delay, and the time for the performance of any such act shall be extended for a period commensurate with the nature of such delay.

“Human Resources Agreement” means an agreement in a form customary for developer-funded tax incremental districts.

“Monetary Obligation” means a limited and conditional obligation to repay Developer an amount up to \$9,200,00, plus interest on the outstanding balance at 5.8% per year. (The interest rate on the Monetary Obligation reflects the preliminary interest rate on the Developer’s underlying financing and is subject to change, based on the final closing date for the project. The final interest rate shall not exceed 6%. Any upward adjustment to the interest rate may result in a corresponding decrease in the amount of the Monetary Obligation).

“Project Plan” means the Plan for Tax Incremental District No. 117 (Filer and Stowell).

“Substantial Completion” means the completion of the Project consistent with the approved plans and Project Owner’s receipt from City of a final Occupancy Certificate for the Project.



**Exhibit 4**

**Economic Feasibility Study**



## MEMORANDUM

TO: Redevelopment Authority of the City of Milwaukee  
FROM: Keith Dahl & Todd Taves - Ehlers Public Finance Advisors  
DATE: August 4, 2023  
SUBJECT: Economic Development Analysis for proposed Filer and Stowell Tax Incremental District

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### Overview:

The Redevelopment Authority received an application for financial assistance from Bear Development (the "Developer") seeking tax incremental district (TID) assistance in the principal amount of \$15,744,323, over 20 years, to construct 576 units of affordable rental housing disbursed amongst eight (8) apartment buildings (the "Project"). The Project is proposed to commence construction by end of this year with an anticipated total development cost of approximately \$197 million.

This memo has been prepared by Ehlers, at the request of the Redevelopment Authority, to conduct a review of the Project, specifically the budget and pro forma based on industry standards under current market conditions and trends for 1) development costs, 2) available funding sources, 3) financial structure, 4) underwritten financial assumptions, 5) Developer contributions, 6) affordable housing rental rates, 7) utility allowance, 8) operating expenses, 9) phasing and timing of construction, and 10) projected cash flows. Our approach to this review was to ensure all development costs, revenues, and expenditures have been appropriately accounted for and considered, and to independently verify private funding sources are being maximized.

Based on our review, the Project generally meets our expectations of a low-income housing tax credit (LIHTC) development utilizing federal 4% credits. The financial structure is consistent with industry standards under current market conditions, and complies with the Wisconsin Housing and Economic Development Authority's (WHEDA) underwriting standards. However, based on our analysis, the requested amount of financial assistance is more than what is necessary for the Project to be "financially feasible". **We've concluded that TID assistance in the principal amount of \$9,200,000 payable over a 15-year term (from receipt of first tax increment) is supported.**

### Available Tax Increment:

**Base Value** – Five (5) parcels comprise the proposed TID where the Project is located at 147 East Becher St. The base value certification of these parcels will be based on January 1, 2023, assessed values which totals \$1,304,700.

**Estimated Market Value** – In consultation with the City Assessor, it is estimated the market value of the Project will be \$50,700,000 upon completion and stabilization after lease-up. The estimated market value was derived based on review of three approaches to value – cost, income, and comparable properties.



### Assumptions -

- Tax Rate: \$22.1811 based on preliminary 2023/2024 TID equalized values per the Department of Revenue and projected apportioned levies for local taxing jurisdictions
- Interest Rate: 5.80% based on Developer's anticipated rate of financing on their permanent tax-exempt first mortgage
- Anticipated Term: 15 years from receipt of first tax increment
- Annual Appreciation Factor: 0.00%
- Annual Tax Rate Reduction Factor: 0.00%
- Incentive Payment: 100% of annually available tax increment less an administrative fee of \$7,500 per TID policy of the Redevelopment Authority

Projected Tax Increment - Upon completion and stabilization after lease-up, the TID is projected to generate approximately \$1,095,000 of annual tax increment. Based upon the assumptions above, the TID could support assistance in the principal amount of \$9,200,000. Attached for reference is a cashflow projection.

The total amount of tax increment anticipated to be generated and paid to the Developer on a pay-as-you-go (PAYGO) financing basis is \$15,355,671. Note: this figure is a future value sum that does not consider time value of money.

PAYGO financing is a performance-based incentive, in which an authority agrees to reimburse a developer over a specific period of time to offset a portion of their up-front construction costs. This effectively shifts risk (political, property tax, assessed value, and so forth) from the authority onto the developer. If the development does not generate enough tax increment for the developer to recapture the agreed upon sum, the authority is under no obligation to make up the shortfall.

### **Recommendation:**

Based on our review of the Developer's budget and pro forma and under current market conditions, the Project may not reasonably be expected to occur solely through private investment within the near future. The affordability and cost associated with development of the Project is only feasible, in part, through TID assistance from the Redevelopment Authority. However, the requested principal amount of \$15,744,323 is more than what is necessary for the Project to become "financially feasible". We conclude TID assistance in the principal amount of \$9,200,000 is warranted for the Project.

# City of Milwaukee, Wisconsin

## Tax Increment District # 117

### Development Assumptions

Construction Year	Demo Loss/Land	576 Units (8 Buildings)	Annual Total	Construction Year
1 2023	(1,304,700)	1,056,250	(248,450)	2023 1
2 2024		15,843,750	15,843,750	2024 2
3 2025		24,029,688	24,029,688	2025 3
4 2026		9,770,313	9,770,313	2026 4
5 2027			0	2027 5
6 2028			0	2028 6
7 2029			0	2029 7
8 2030			0	2030 8
9 2031			0	2031 9
10 2032			0	2032 10
11 2033			0	2033 11
12 2034			0	2034 12
13 2035			0	2035 13
14 2036			0	2036 14
15 2037			0	2037 15
16 2038			0	2038 16
17 2039			0	2039 17
18 2040			0	2040 18
19 2041			0	2041 19
20 2042			0	2042 20
21 2043			0	2043 21
22 2044			0	2044 22
23 2045			0	2045 23
24 2046			0	2046 24
25 2047			0	2047 25
26 2048			0	2048 26
27 2049			0	2049 27
<b>Totals</b>	<b>(1,304,700)</b>	<b>50,700,000</b>	<b>49,395,300</b>	

Notes:

# City of Milwaukee, Wisconsin

## Tax Increment District # 117

### Tax Increment Projection Worksheet

Type of District	Rehabilitation	Base Value	1,304,700
District Creation Date	September 1, 2023	Appreciation Factor	0.00%
Valuation Date	Jan 1, 2023	Base Tax Rate	\$22.1811
Max Life (Years)	27	Rate Adjustment Factor	0.00%
Expenditure Period/Termination	22 9/1/2045	Tax Exempt Discount Rate	0.00%
Revenue Periods/Final Year	27 2051	Taxable Discount Rate	5.80%
Extension Eligibility/Years	Yes 3		
Eligible Recipient District	Yes		

Construction	Year	Value Added	Inflation		Total Increment	Revenue Year	Tax Rate <sup>1</sup>	Tax Increment
			Valuation Year	Increment				
								0
1	2023	-248,450	2024	0	-248,450	2025	\$22.18	-5,511
2	2024	15,843,750	2025	0	15,595,300	2026	\$22.18	345,920
3	2025	24,029,688	2026	0	39,624,988	2027	\$22.18	878,924
4	2026	9,770,313	2027	0	49,395,300	2028	\$22.18	1,095,640
5	2027	0	2028	0	49,395,300	2029	\$22.18	1,095,640
6	2028	0	2029	0	49,395,300	2030	\$22.18	1,095,640
7	2029	0	2030	0	49,395,300	2031	\$22.18	1,095,640
8	2030	0	2031	0	49,395,300	2032	\$22.18	1,095,640
9	2031	0	2032	0	49,395,300	2033	\$22.18	1,095,640
10	2032	0	2033	0	49,395,300	2034	\$22.18	1,095,640
11	2033	0	2034	0	49,395,300	2035	\$22.18	1,095,640
12	2034	0	2035	0	49,395,300	2036	\$22.18	1,095,640
13	2035	0	2036	0	49,395,300	2037	\$22.18	1,095,640
14	2036	0	2037	0	49,395,300	2038	\$22.18	1,095,640
15	2037	0	2038	0	49,395,300	2039	\$22.18	1,095,640
16	2038	0	2039	0	49,395,300	2040	\$22.18	1,095,640
17	2039	0	2040	0	49,395,300	2041	\$22.18	1,095,640
18	2040	0	2041	0	49,395,300	2042	\$22.18	1,095,640
19	2041	0	2042	0	49,395,300	2043	\$22.18	1,095,640
20	2042	0	2043	0	49,395,300	2044	\$22.18	1,095,640
21	2043	0	2044	0	49,395,300	2045	\$22.18	1,095,640
22	2044	0	2045	0	49,395,300	2046	\$22.18	1,095,640
23	2045	0	2046	0	49,395,300	2047	\$22.18	1,095,640
24	2046	0	2047	0	49,395,300	2048	\$22.18	1,095,640
25	2047	0	2048	0	49,395,300	2049	\$22.18	1,095,640
26	2048	0	2049	0	49,395,300	2050	\$22.18	1,095,640
27	2049	0	2050	0	49,395,300	2051	\$22.18	1,095,640
<b>Totals</b>		<b>49,395,300</b>		<b>0</b>		<b>Future Value of Increment</b>		<b>27,514,705</b>

**Notes:**

<sup>1</sup>Tax rate assumed is based on preliminary 2023/24 TID equalized values per DOR and projected apportioned levies for local taxing jurisdictions

# City of Milwaukee, Wisconsin

## Tax Increment District # 117

### Cash Flow Projection

Year	Projected Revenues				Expenditures						Balances		Year
	Tax Increments	Interest Earnings/ (Cost)	Other Revenue	Total Revenues	Municipal Revenue Obligation (MRO) 9,200,000			Total Expenditures	Annual	Cumulative			
					Dated Date: Payment	TBD Est. Rate	Interest				Other	Admin.	
2024				0	0			0	41000000	0	0	2024	
2025	(5,511)			(5,511)	0			0	(5,511)	(5,511)		2025	
2026	345,920			345,920	338,420	5.80%		7,500	0	(5,511)		2026	
2027	878,924			878,924	871,424	5.80%		7,500	0	(5,511)		2027	
2028	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2028	
2029	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2029	
2030	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2030	
2031	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2031	
2032	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2032	
2033	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2033	
2034	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2034	
2035	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2035	
2036	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2036	
2037	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2037	
2038	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2038	
2039	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2039	
2040	1,095,640			1,095,640	1,088,140	5.80%		7,500	0	(5,511)		2040	
2041	1,095,640			1,095,640				0	1,095,640	1,090,130		2041	
2042	1,095,640			1,095,640				0	1,095,640	2,185,770		2042	
2043	1,095,640			1,095,640				0	1,095,640	3,281,410		2043	
2044	1,095,640			1,095,640				0	1,095,640	4,377,051		2044	
2045	1,095,640			1,095,640				0	1,095,640	5,472,691		2045	
2046	1,095,640			1,095,640				0	1,095,640	6,568,332		2046	
2047	1,095,640			1,095,640				0	1,095,640	7,663,972		2047	
2048	1,095,640			1,095,640				0	1,095,640	8,759,613		2048	
2049	1,095,640			1,095,640				0	1,095,640	9,855,253		2049	
2050	1,095,640			1,095,640				0	1,095,640	10,950,894		2050	
2051	1,095,640			1,095,640				0	1,095,640	12,046,534		2051	
<b>Total</b>	<b>27,514,705</b>	<b>0</b>	<b>0</b>	<b>27,514,705</b>	<b>15,355,671</b>		<b>0</b>	<b>0</b>	<b>112,500</b>	<b>15,468,171</b>		<b>Total</b>	

Notes: Annual Increment is based annually available tax increment of 100% less a \$7,500 Admin. fee.

Projected TID Closure

## Exhibit 5

### Property Owners

<b>Property Address</b>	<b>Tax Key</b>	<b>Owner Name</b>
<b>147 East Becher</b>	<b>4671611000*</b>	<b>Beta-Becher Acquisition Company, LLC</b>
<b>147 East Becher</b>	<b>4671612000*</b>	<b>Beta-Becher Acquisition Company, LLC</b>
<b>147 East Becher</b>	<b>4671613000*</b>	<b>Beta-Becher Acquisition Company, LLC</b>
<b>147 East Becher</b>	<b>4671614000*</b>	<b>Beta-Becher Acquisition Company, LLC</b>
<b>147 East Becher</b>	<b>4671615000*</b>	<b>Beta-Becher Acquisition Company, LLC</b>

\*The site previously consisted of five condominium units. The condominium ownership structure was terminated in September of 2022. In addition, a Certified Survey Map was recorded in February of 2023 combining two parcels underlying the condominium units. A new tax key will be assigned to the parcel site in 2024.

**Exhibit 6**

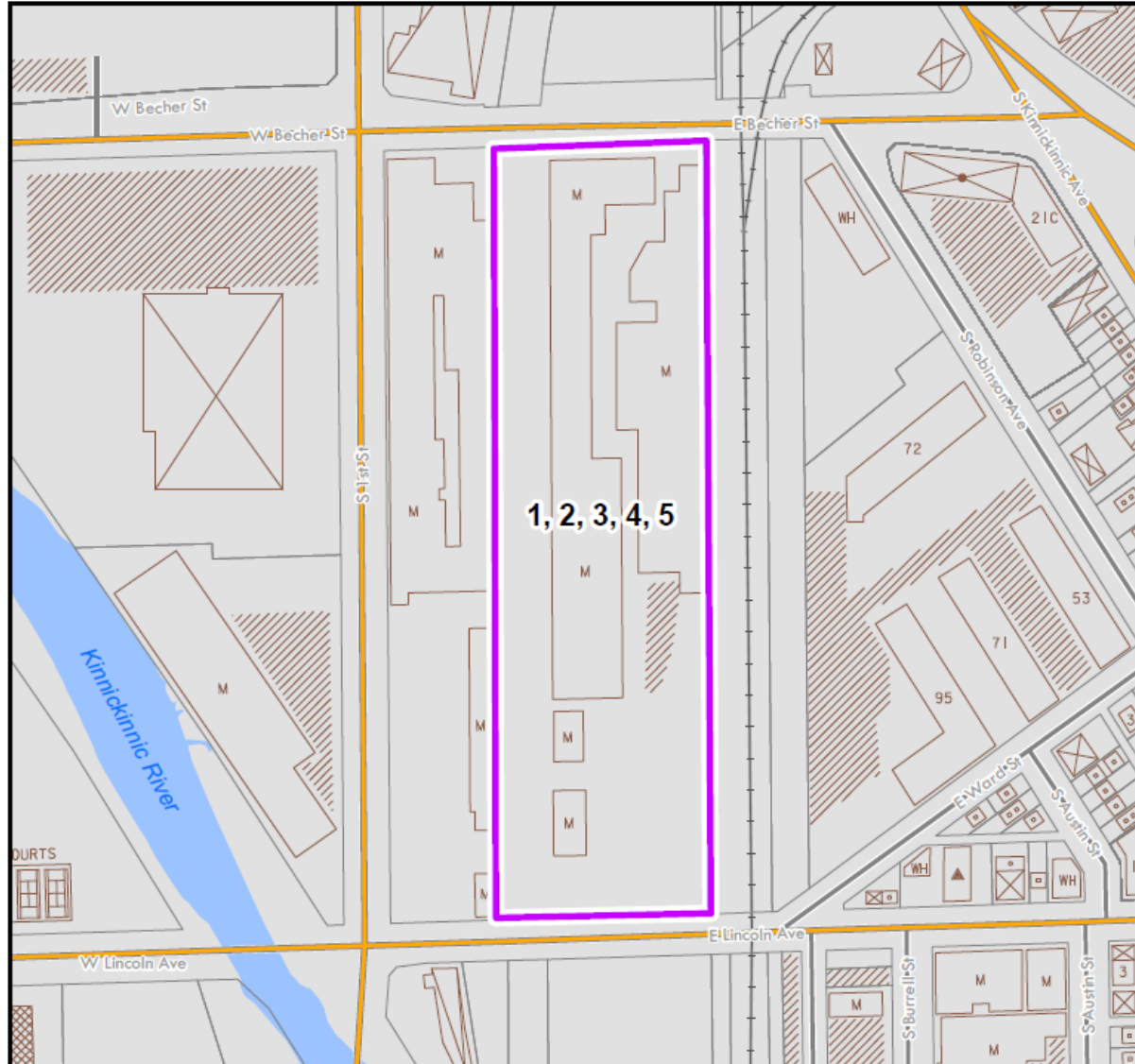
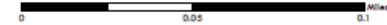
**City Attorney's Letter**

**In Preparation**



# TID NO. 117: FILER AND STOWELL, MAP 1 BOUNDARY AND EXISTING LAND USE

Prepared by the Department of City Development Planning Division, 7/27/2023  
Source: DCD Planning Division; Information Technology Management Division



## PROPERTY LIST

No.	Taxkey	Property Address
1	467-1611-000	147 E BECHER ST
2	467-1612-000	147 E BECHER ST
3	467-1613-000	147 E BECHER ST
4	467-1614-000	147 E BECHER ST
5	467-1615-000	147 E BECHER ST

## MAP LEGEND

- TID Boundary
- Parcel Boundary

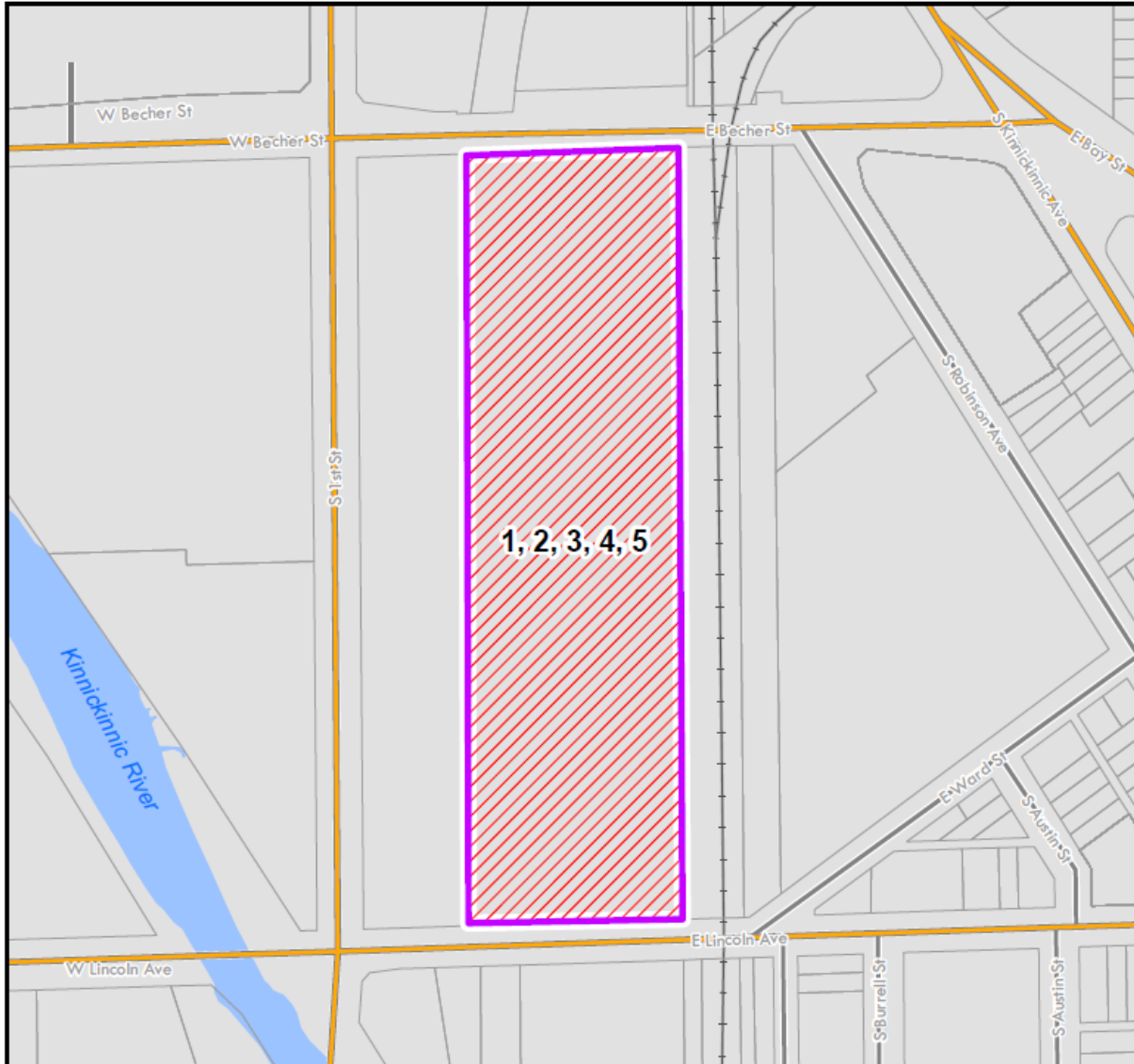
### Current Land Use

- SINGLE FAMILY RESIDENTIAL
- TWO FAMILY RESIDENTIAL
- MULTI-FAMILY RESIDENTIAL
- CONDOMINIUM
- CEMETERY
- 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
- PLAYGROUND
- PARK
- CEMETERY
- PARKING
- BASKETBALL COURT
- TENNIS COURT
- FENCE
- ELECTRICAL LINE TRANSMISSION TOWER
- ELECTRICAL LINE
- UNDER CONSTRUCTION

# TID NO. 117: FILER AND STOWELL, MAP 2

## STRUCTURE CONDITION

Prepared by the Department of City Development Planning Division, 7/26/2023  
 Source: DCD Planning Division; Information Technology Management Division



### PROPERTY LIST

No.	Taxkey	Property Address
1	467-1611-000	147 E BECHER ST
2	467-1612-000	147 E BECHER ST
3	467-1613-000	147 E BECHER ST
4	467-1614-000	147 E BECHER ST
5	467-1615-000	147 E BECHER ST

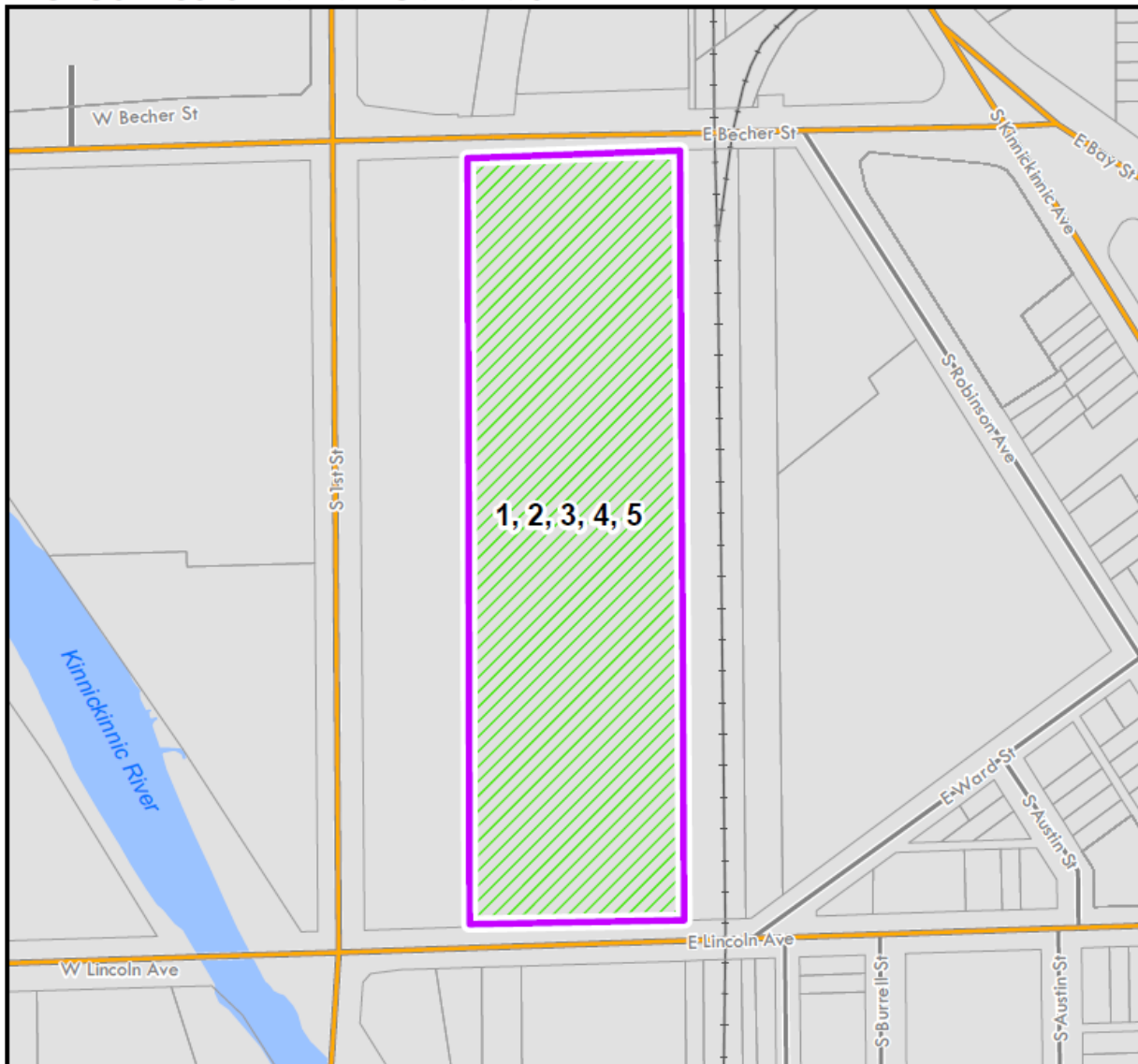
### MAP LEGEND

-  TID Boundary
-  Parcel Boundary
-  In Need of Conservation or Rehabilitation

# TID NO. 117: FILER AND STOWELL, MAP 3

## PROPOSED USES AND IMPROVEMENTS




Prepared by the Department of City Development Planning Division, 7/26/2023  
 Source: DCD Planning Division; Information Technology Management Division



### PROPERTY LIST

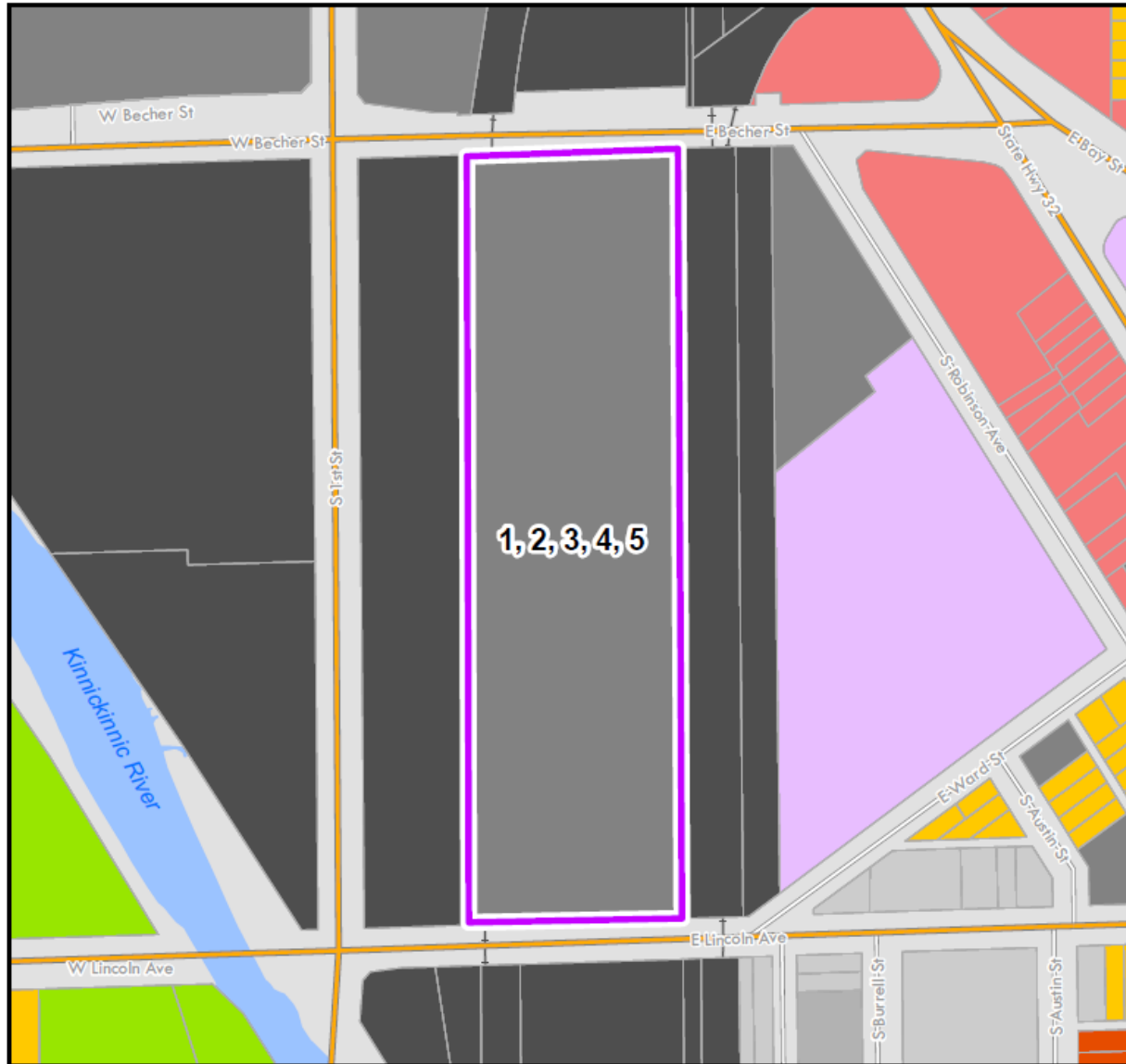
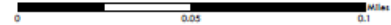
No.	Taxkey	Property Address
1	467-1611-000	147 E BECHER ST
2	467-1612-000	147 E BECHER ST
3	467-1613-000	147 E BECHER ST
4	467-1614-000	147 E BECHER ST
5	467-1615-000	147 E BECHER ST

### MAP LEGEND

-  TID Boundary
-  Parcel Boundary
-  New Construction Buildings

**TID NO. 117: FILER AND STOWELL, MAP 4**  
**EXISTING ZONING**

Prepared by the Department of City Development Planning Division, 7/27/2023  
 Source: DCD Planning Division; Information Technology Management Division



**PROPERTY LIST**

No.	Taxkey	Property Address
1	467-1611-000	147 E BECHER ST
2	467-1612-000	147 E BECHER ST
3	467-1613-000	147 E BECHER ST
4	467-1614-000	147 E BECHER ST
5	467-1615-000	147 E BECHER ST

- MAP**
- TID Boundary
  - Parcel Boundary
  - Residential - Two-Family
  - Residential - Multi-Family
  - Commercial - Local Business
  - Industrial - Office
  - Industrial - Light
  - Industrial - Mixed
  - Industrial - Heavy
  - Planned Development
  - Parks