

LRB – FISCAL REVIEW SECTION ANALYSIS

SEPTEMBER 4, 2001 AGENDA
010226

ITEM 3, FILE

ZONING NEIGHBORHOODS &
DEVELOPMENT COMMITTEE

Emma J. Stamps

File No. 010226 is a substitute resolution approving a Project Plan and creating Tax Incremental District Number Forty-Five (Wilson Commons Project) and approving the terms of a Development Agreement to implement the Project Plan, in the 13th Aldermanic District. (DCD)

Background and Discussion

1. The Common Council approved FN 000155 on July 25, 2000 in support of the City Planning Commission's June 19, 2000 endorsement of the Wilson Commons Project.
2. Section 66.1105(4)(d), Wisconsin Statutes, requires the "preparation and adoption...of a proposed project plan for each tax incremental district." FN 010226 creates a Tax Incremental District Number Forty-Five in an area generally bounded by South 13th Street, Wilson Creek (a tributary of the Kinnickinnic River), and Wilson Park (a Milwaukee County park). The Project Plan provides a grant to the developer for site preparations and improvement costs related to a new multi-family housing project.
3. The District is the site of the former DePaul Hospital and Treatment Center located at 4143 South 13th Street. It contains property totaling 359,942 square feet (8.263 acres), more or less, exclusive of public streets and alleys. No property in the District is "vacant" within the meaning of sec. 66.1105(4)(gm) 1, Wisconsin Statutes.
4. The developer will borrow funds to pay for the proposed TID improvements:
 - Razing the existing building and infrastructure (parking lots, sidewalks, utilities, etc.) located on the site.
 - Develop a 359,942 sq. ft. Wilson Commons Senior Living Community campus
 - Develop site improvements (community garden, seating areas and flower planting areas)
 - Include a new private street
 - Eliminate obsolete conditions, blighting influences and environmental deficiencies that impede development and detract from the functionality, aesthetic appearance and economic welfare of this section of the city
 - Create new employment opportunities
5. Redevelopment plans call for the development of three distinctive and integrated senior housing options with a total of 243 housing units:
 - 152 one and two bedroom Senior (Independent) Living Center apt. units
 - 74 primarily one bedroom Residential Care Apartment Complex apt. units

- 17 Villas townhouse style assisted living units
6. Completion for all three housing components is anticipated in November of 2004. Based on the history of other elderly new construction projects developed in the metropolitan area, full lease ups are expected:
- Senior (Independent) Living Center – November 2003
 - Villas townhouses – November 2003
 - Residential Care Apartment Complex – November 2004

7. The Department of City Development estimates the TID project costs (excluding financing) at \$1,460,000. The uses of funds are as follows:

\$1,405,000 for Capital
\$ 55,000 for Administrative, professions, organizational and legal costs

8. The Economic Feasibility Study for this TID projects total costs for all components of the project will be \$24.6 million. This includes acquisition, demolition, site preparation and all construction and soft costs.

Hard costs	\$19,225,544
Soft costs	<u>2,774,390</u>
Total Hard/Soft costs	\$21,999,934
Development fee*	2,659,748
Total development cost	\$24,659,682

**\$1,994,800 of the fee remains in the project as additional equity*

9. According to The Department of City Development, the \$1,460,000 will leverage significant private investment, as total project costs in excess of the TID contribution are estimated at \$23.2 million.
10. The City Contribution portion of the funding advanced by the developer shall be disbursed after the developer has advanced equity and loan proceeds in an amount not less than \$3 million.
11. General Obligation borrowing will not be used to finance TID No. 45. The project developer will secure financing. The City will repay the developers, including an interest charge, but only to the extent of the incremental revenue actually generated by the District (excluding capitalized interest).
12. The Department of City Development (DCD) estimates the TID is required to terminate in 2021 but will likely retire in 2008.

Fiscal Impact

1. DCD indicates TID No. 45 will have no fiscal impact. (See #10 above)
2. The Joint Review Board estimates this project will add over \$18 million of new value to the City's tax base. The current assessed value of the former DePaul Hospital and Treatment Center is \$1.45 million.

Other Information

1. Feedback from the City Comptroller relative to FN 010226 was not available as of the drafting of this fiscal review analysis.

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