

060893



Department of City Development

City Plan Commission
Historic Preservation Commission
Neighborhood Improvement
Development Corporation
Redevelopment Authority

Rocky Marcoux
Commissioner

Martha L. Brown
Deputy Commissioner

May 28, 2008

Mr. Ronald D. Leonhardt
City Clerk
City Hall, Room 205
Milwaukee, WI 53202

Dear Mr. Leonhardt:

Enclosed is a fully executed original Contract No. 07-026 (RA), dated May 22, 2008, the Cooperation Agreement between the City of Milwaukee and the Redevelopment Authority of the City of Milwaukee. This pertains to the Metcalfe Park Homes Project in TID 66.

Please insert this agreement into Common Council Resolution File No.060893, adopted November 29, 2006.

Sincerely,

Scott Stange
RACM Compliance Officer

Enclosure

DUPLICATE
ORIGINAL

**COOPERATION
AGREEMENT**

**Tax Incremental District No. 66
(Metcalfe Park Homes Project)**

April 27th, 2007
Contract No. 07-026 (RA)
TID Number 66

COOPERATION AGREEMENT
for
Tax Incremental District - Number 66
(Metcalf Park Homes Project)

THIS COOPERATION AGREEMENT (hereinafter referred to as "Agreement") is entered into as of this 22nd day of May, 2008 by and between the City of Milwaukee, Wisconsin, a municipal corporation (the "City") and the Redevelopment Authority of the City of Milwaukee, a public body corporate and politic organized and existing under the laws of the State of Wisconsin (the "Authority").

WITNESSETH:

WHEREAS, the Authority, with the cooperation of the City has undertaken to develop and carry out the Metcalfe Park Homes Project (the "Project") which is located in the City and County of Milwaukee, Wisconsin; and

WHEREAS, the Authority adopted Resolution Number 9859 (hereinafter the "Resolutions") on October 19, 2006 and the City adopted Resolution Number 060893 on November 14, 2006, creating the Metcalfe Park Homes Tax Incremental District ("TID-66") in conjunction with the implementation of the Project; and

WHEREAS, the Resolutions are attached hereto as Exhibit "A"; and

WHEREAS, the activities to be undertaken within TID - 66 and the Project are described in the Project Plan for Tax Incremental District - 66, City of Milwaukee (the "TID - 66 Project Plan") which is attached as Exhibit "B"; and

WHEREAS, The City intends to provide the Authority with the funds necessary to finance

all TID - 66 project costs, as set forth on the budget within the TID – 66 Project Plan (the “Budget”);

WHEREAS, All costs set forth on the Budget are to be expended within the area of the Project and the boundaries of TID - 66; and

WHEREAS, The Authority and the City authorized execution of this Agreement by adoption of the Resolutions;

NOW, THEREFORE, The parties hereto mutually agree as follows:

1. Project Definition. The Authority agrees to implement and to carry out the Project as well as the TID - 66 Project Plan contingent upon the Authority receiving adequate financing from the City. The City agrees to provide the Authority with the funds necessary to carry out the TID - 66 Project Plan, said funds being provided in aid of the activities of the Authority relative to the Project.

2. Establishment of Fund Account. The City will provide to the Authority, from Tax Incremental Bond Account No. TD0668000 and/or from any other source as determined by the Common Council, including Contingent Fund (hereinafter referred to as the “Fund”), funds necessary to pay costs specified in the Budget. Such funds as are approved by the Common Council to be made available to the Authority, either: a) upon the approval by the Public Debt Commission of the necessary borrowing after the adoption of an initial bond resolution by the Common Council; or b) from available TID funds. Funds are to be made available to the Authority upon request by the Secretary of the Authority according to a procedure mutually agreed upon between the City Comptroller and the Secretary of the Authority. The requisition funds, to the extent received by RACM, shall be placed in a separate bank account (the “Fund Account”) by the Authority and shall not be commingled with other funds or assets of the Authority.

3. Administration of the Fund Account. The City Comptroller shall review and approve

the accounting and financial reporting systems necessary to administer the Fund Account.

4. Use of Fund. Funds granted by the City to the Authority shall be utilized for the purpose of implementing the Project, as specified in the Budget, and to provide for the improvements and other activities specified in the TID - 66 Project Plan.

5. Verification by Comptroller. The City Comptroller shall, from time to time as in the Comptroller's judgment is appropriate, review the receipts and expenditures of the Authority in connection with the Project and TID - 66 activities and the Comptroller shall make an accounting to the City. The Comptroller shall conduct an audit and report to the Common Council with respect to the results of such audit. Upon completion of the Project and TID - 66 activities, the Authority shall make a full accounting to the City of income received and amounts expended and shall return to the City all unused and unneeded funds.

6. Construction of Improvements. The Authority may construct or cause to be constructed within TID - 66 such improvements as are provided for in the TID - 66 Project Plan or as shall be determined by resolution of the Common Council amending the TID - 66 Project Plan. The cost of said improvements shall be fully paid from the Fund.

7. Supplemental Redevelopment Activity by City.

a. The City, in furtherance of the Project may take any lawful actions as may be deemed by the City to be necessary or desirable in connection with the Project and TID - 66.

b. The Department of City Development, Department of Neighborhood Services and other City Departments shall assign personnel to implement and complete the Project and TID - 66 in accordance with the annual service contract between the City and the Authority.

8. Interest Payments. Any sums payable hereunder by either party to the other shall not

bear any interest, but any interest earned on such sums shall be transferred to the City.

IN WITNESS WHEREOF, The parties have executed this Agreement the day and year as hereabove set forth.

CITY OF MILWAUKEE

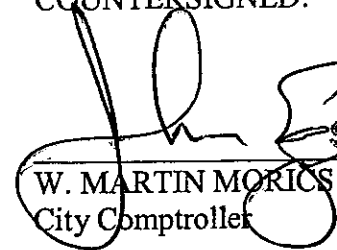

TOM BARRETT, Mayor

Date: 3/31/08


RONALD D. LEONHARDT
City Clerk

Date: 4/4/08

COUNTERSIGNED:

 **SPECIAL DEPUTY**
W. MARTIN MORICS
City Comptroller

Date: _____

REDEVELOPMENT AUTHORITY
OF THE CITY OF MILWAUKEE

By: 
Chairman

By: 
Executive Director

Date: 5-22-08

This instrument was drafted by the
Office of the City Attorney.
KPS

Redevelopment Authority of the City of Milwaukee

Resolution No.: 9859
Adopted on: October 19, 2006
Project Area: TID/Metcalf Park Homes
Aldermanic District: 15th

Resolution adopting the boundaries and Project Plan and approving a Cooperation Agreement for the Metcalfe Park Homes Tax Incremental District.

Whereas, The Common Council of the City of Milwaukee, pursuant to Sec. 66.1105(3)(f), Wisconsin Statutes, has designated the Redevelopment Authority of the City of Milwaukee as the agency responsible for preparation and review of proposed tax incremental districts; and

Whereas, Boundaries and a Project Plan for the Metcalfe Park Homes Tax Incremental District (the "District"), have been prepared and duly noticed; and

Whereas, On October 19th, 2006, the Redevelopment Authority conducted the required public hearing on the boundaries and Project Plan for the District; now, therefore, be it

Resolved, By the Redevelopment Authority of the City of Milwaukee that the boundaries and Project Plan for the Metcalfe Park Homes Tax Incremental District, a copy of which were submitted to the Journal of Proceedings, are adopted; and, be it

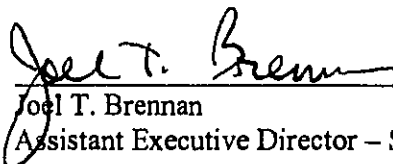
Further Resolved, that the Executive Director is authorized and directed to enter into a Cooperation Agreement with the City of Milwaukee in the form attached to this resolution subject only to non-substantive changes that have been approved by the Executive Director and the City Attorney for the purposes of assisting in the implementation of the Project Plan for the Metcalfe Park Homes Tax Incremental District; and, be it

Further Resolved, That the Executive Director is directed to transmit copies of this resolution, the Project Plan and boundaries of the District to the Common Council for its approval.

CERTIFICATION

I certify that the forgoing is a true and exact copy of a resolution adopted by the Redevelopment Authority of the City of Milwaukee, WI on the date set forth above.

(seal)



 Joel T. Brennan
 Assistant Executive Director - Secretary

City of Milwaukee

Office of the City Clerk

200 E. Wells Street
Milwaukee, Wisconsin 53202
Certified Copy of Resolution

FILE NO: 060893

Title:

Substitute resolution approving a Project Plan and creating Tax Incremental District No. 66 (Metcalf Park Homes), authorizing Contingent Borrowing and approving the terms of a Development Agreement and a Cooperation Agreement to implement the Project Plan, in the 15th Aldermanic District.

Body:

Whereas, Chapter 105 of the Laws of 1975 of the State of Wisconsin with amendments from other chapters of said Laws created Section 66.1105, Wisconsin Statutes, titled "Tax Increment Law;" and

Whereas, Section 66.1105(4) of the Tax Increment Law sets forth certain criteria that the Common Council of the City of Milwaukee ("Common Council") and the Redevelopment Authority of the City of Milwaukee ("Authority") must follow to create a Tax Incremental District ("District" or "TID") and approve a Project Plan for a District; and

Whereas, Pursuant to Section 66.1105(4)(a) through (gm), Wisconsin Statutes, the Authority conducted a public hearing on the Project Plan, designated the boundaries of a District and recommended that the District be created and submitted such recommendation to the Common Council for approval with the proposed Project Plan for Tax Incremental District No. 66 (Metcalf Park Homes), City of Milwaukee (the "Plan"), a copy of which is attached to this Common Council File; and

Whereas, Under the provisions of Section 66.1105(4)(gm)4.a., Wisconsin Statutes, not less than 50 percent, by area, of the real property within a proposed District must qualify as either a "blighted area" within the meaning of Section 66.1105(2)(a), Wisconsin Statutes; an area "in need of rehabilitation or conservation work" within the meaning of Section 66.1337(3), Wisconsin Statutes; or must be suitable for "industrial sites" within the meaning of Section 66.1101, Wisconsin Statutes, and be zoned for industrial use; and

Whereas, More than 50 percent, by area, of the real property in the District is "in need of rehabilitation and conservation work" within the meaning of Section 66.1337(3), Wisconsin Statutes, and, therefore, satisfies the requirements of Section 66.1105(4)(gm)4.a.3., Wisconsin Statutes; and

Whereas, The Plan contains statements and other factual information indicating that the improvement of such area is likely to substantially enhance the value of real property in the District; and that project

Further Resolved, That:

1. The City Clerk is directed to apply to the Wisconsin Department of Revenue for a "Determination of Tax Increments and Tax Incremental Base," for the District pursuant to the provisions of Section 66.1105(5), Wisconsin Statutes.
2. Pursuant to the provisions of Section 66.1105(5)(f), Wisconsin Statutes:
 - a. The Assessment Commissioner is directed to identify upon the assessment roll, returned and examined under Section 70.45, Wisconsin Statutes, those parcels of property, which are within TID No. 66 specifying thereon the name of the District.
 - b. The City Clerk is directed to make notations on the tax roll for the District similar to those required to be made under Section 70.65, Wisconsin Statutes.
3. The Common Council declares its purpose to issue general obligation bonds in an amount not to exceed \$1,622,500 (\$1,475,000 of Project Plan Costs plus capitalized interest of \$147,500) for paying TID No. 66 expenditures using Contingent Borrowing Authority approved under Common Council File No. 051144.
4. The City Comptroller is directed to establish all accounts and to make all appropriation transfers upon request by the Department of City Development for all revenue or expenditure activity under this resolution.



I, Ronald D. Leonhardt, City Clerk, do hereby certify that the foregoing is a true and correct copy of a(n) Resolution Passed by the COMMON COUNCIL of the City of Milwaukee, Wisconsin on November 14, 2006.

Ronald D. Leonhardt

Ronald D. Leonhardt, City Clerk

November 29, 2006

Date Certified

Project Plan
For
Tax Incremental District Number 66
City of Milwaukee
(Metcalf Park Homes)

Prepared by
Department of City Development October, 2006
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 66, City of Milwaukee, Metcalfe Park Homes, is the area bounded by West Meinecke Avenue, West Center Street, North 27th Street and North 39th Street. The District is shown on Map No. 1, "Boundary and Existing Land Use," and described more precisely in Exhibit 1, "Boundary Description." A complete list of properties in the District is provided in Exhibit 2, "Property Characteristics."

The District contains property totaling 4,152,000 square feet (95.3 acres), more or less, exclusive of public streets and alleys. More than 50% of the area and real property located within the District was found to be either "blighted" within the meaning of Section 66.1333 (2m)(b) or "in need of rehabilitation or conservation work" within the meaning of Section 66.1337(3), Wisconsin Statutes. Exhibit 2 illustrates how the properties in the District meet the statutory criteria for Tax Incremental Districts.

C. Plan Objectives

The Metcalfe Park Neighborhood has over the years, been challenged by declining housing stock, low levels of owner occupancy, poverty, and crime – both real and perceived.

However, beginning in 2000, when the City of Milwaukee partnered with the Boys and Girls Club and the local philanthropic community to create the Todd Wehr Metcalfe Park Community Center, a combination school and Boys and Girls Club located between 33rd and 35th and North Avenue, there has been a steady stream of investment in the neighborhood that is creating momentum for ongoing improvement. A new Jewel Osco grocery store opened in 2001 near 35th and North Avenue. Several mixed used projects followed along the nearby North Avenue "Gateway District" including Columbia Square, Touissant Square and the New Covenant Gateway project.

Similar signs of encouragement are also occurring in the residential neighborhood. The Next Door Foundation recently completed a \$9.3 million expansion of its facilities at 29th and Wright, to create a state of the art early childhood education center. Habitat for Humanity has jumpstarted residential development efforts in the neighborhood through the construction of new single family homes, including a recent partnership with the Metropolitan Builders Association in which 10 homes were constructed within a one week period. A development partnership between the Milwaukee Urban League and Gorman & Company is in the process of redeveloping the former Urban League headquarters building located at 28th and Wright into a high quality elderly housing development containing 80 affordable housing units.

Tax Incremental District Number 66 is being created to support additional residential redevelopment efforts in the neighborhood. The Milwaukee Urban League/Gorman and Company partnership is proposing to construct 30 new single family homes on vacant scattered site lots under a "lease to own program." Along with proposed renovation of existing housing in the district, these efforts will assist in the implementation of the *Fond du Lac and North neighborhood plan*¹, which emphasizes the targeting of resources, the clustering of investment and a mix of residential rehabilitation and new construction in the neighborhood.

The more detailed objectives of this Project Plan are to:

- Construct new single family homes on vacant land located within the district
- Make resources available to property owners to renovate and repair their properties
- Create a range of high quality housing opportunities for neighborhood residents
- Encourage increased homeownership and the retention of existing homeownership in the neighborhood
- Work collaboratively with local residents, community organizations and other stakeholders to address quality of life issues and support the physical redevelopment of the neighborhood
- Identify, seek and obtain other resources that will further support the initiatives neighborhood revitalization efforts.
- Create new employment opportunities through construction jobs relating to the construction of new homes and the rehabilitation of existing homes in the district.

D. Proposed Public Action

Funds generated from the TID will be used for the following purposes:

- Provide financial assistance to the developer to construct new single-family housing in the neighborhood under a "lease to own" program.
- Fund a forgivable loan pool that will provide resources to existing property owners for the renovation and repair of their properties.

The neighborhood loan fund will be administered by the City's Department of City Development. It is modeled after a similar program that was successful in the Lindsay Heights

¹ Prepared by Planning & Design Institute and adopted by the City of Milwaukee as part of their Comprehensive Plan on March 19, 2004.

Neighborhood.

The City of Milwaukee may, on its own initiative or through a cooperation agreement with the Redevelopment Authority and/or other entities, undertake any and all project and site improvements and activities considered necessary to achieve project objectives and the commitment of private investment. This Plan is not intended to limit and shall not be interpreted as limiting the Redevelopment Authority in the exercise of its powers under Section 66.1333(5), Wisconsin Statutes, within the District. It is possible that future amendments to this District for other investments in this area will be proposed.

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."

In general, all appropriately sized and zoned vacant parcels in the District are potential sites for TID supported new housing development. All existing homes are potential sites for the forgivable home improvement loans. To maximize the benefit, the City will work with local residents and stakeholders to market and cluster resources in a systematic way to maximize the benefit to the neighborhood. 30 sites have been identified for new construction for the "lease to own" project. These sites are identified on Map No. 3.

2. "Detailed List of Estimated Project Costs."

The costs included in this subsection and detailed in Table "A" 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 redeveloper(s), which agreements are incorporated herein by reference, provided further that such expenditures are necessitated by this Project Plan.

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

a. Capital Costs

A statement of the kinds of activities proposed for the project is included in subsection II.B.1. of this Plan. This category of costs includes those items which may be undertaken only in conjunction with Redevelopment Projects under provisions of Section 66.431, Wisconsin Statutes, as determined during the course of project execution/implementation, and may also include the City's cost of grants to RACM.

b. Other Costs

This category of Project Costs includes estimates for administrative, professional, organizational and legal costs. Components of the "other costs" include, in general, costs of salaries and employee benefits for employees engaged in planning, engineering, implementing, and administering activities in connection with the tax increment district. Related costs of supplies, materials, contract and consultant services, rental of space and equipment, and the reasonable costs of City departments and agencies having oversight responsibilities due to the creation of this District. Such services include but are not limited to purchasing, property appraisals, personnel, legal, accounting, auditing, the provision of space and maintenance, and costs charged in accordance with an approved cost allocation plan.

c. Financing Costs

Financing costs include estimated gross interest expense on bonds that will be issued to pay for Project Costs. Estimates of bond interest are based on interest rates as set forth in the Economic Feasibility Analysis for this Project.

Table A
List of Estimated Project Costs²

A	<u>Capital:</u>	
	Grant to Redevelopment Authority for financial assistance to developer for construction of lease option homes.	\$ 900,000
	Grant to Redevelopment Authority for establishment of forgivable loan pool for the rehabilitation of existing homes.	\$ 500,000
B	<u>Other:</u>	
	Administrative, professional, organizational and legal,	\$ 75,000
	Total Estimated Project Costs, excluding financing	\$1,475,000
C	<u>Financing:</u>	
	Interest payment on tax-exempt bonds	\$ 566,400

(Excludes Capitalized Interest)

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

a. Estimated Timing of Project and Financing Costs

The Summary of Project Costs (Schedule "A" below) identifies the year in which actual expenditures for the cost of public works and improvements described in this plan is expected to be incurred. This schedule anticipates the time costs will be incurred, not the time contracts or other obligations may be entered into. The estimates presented are subject to change as actual circumstances during the project execution period may require. However, all expenditures will be made prior to the year 2027 pursuant to the provisions of s. 66.1105(6)(am), Wisconsin Statutes.

Schedule A
Estimated Timing of Project Costs

Year	Estimated Project Cost	Cumulative Total
2007	\$1,200,000	\$1,200,000
2008	\$ 200,000	\$1,400,000

Excludes Administrative Costs

b. Estimated Method of Financing Project Costs

Sale of General Obligation Bonds: \$1,400,000³

The estimated method of financing may be subject to change during the project

²The City of Milwaukee and/or RACM reserve the right to make only those improvements and to undertake only those activities that are deemed economically feasible and appropriate during the course of project implementation and which are commensurate with positive growth in the tax increment.

period. Consequently, the method identified may, as circumstances warrant, be redefined and the dollar amount adjusted without formal modification of this Plan during the course of project implementation.

The funding source for payment of financing costs will be from tax increment revenues pursuant to Section 66.1105(6)(c), or from other funds ordinarily used for payment of borrowing obligations.

4. "Economic Feasibility Study."

The Economic Feasibility Study for this District, prepared by the Department of City Development and titled *Economic Feasibility Study: Tax Increment District No. 66* (October, 2006) is on file in the Office of the Redevelopment Authority of the City of Milwaukee, 809 North Broadway, Milwaukee, Wisconsin, and in the Office of the City Clerk of the City of Milwaukee, 200 West Wells Street, Room 205, Milwaukee Wisconsin, as attached to Common Council Resolution File Number . The study is incorporated herein by reference. 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 2018. As noted in the economic feasibility study for the project, should the TID not be retired by the year 2023, surplus proceeds from the sale of homes under the lease to own program may be used to retire outstanding TID debt.

5. "Map Showing Existing Uses and Conditions."

Please refer to Map No. 1, "Boundary and Existing Land Use," and Map No. 2, "Structure Condition," 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." The project will not require amendments to the provisions of present zoning ordinances, City master plan, building codes, and other city ordinances.

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

None.

9. "Proposed Method for Relocation."

No occupied properties are currently identified for acquisition in this plan, and therefore no individuals or families are to be displaced. If, at a later date, RACM determines that 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 proposed District is consistent with the recommendations contained in the Fond du Lac and North Neighborhood Plan and with the prevailing zoning in the surrounding area. It will support the past and ongoing redevelopment efforts in the surrounding neighborhood.

11. "Opinion of the City Attorney."

Please refer to the letter of the City Attorney, dated in the Exhibits Section.

EXHIBITS

<u>Exhibit</u>	<u>Title</u>
Exhibit 1	Boundary Description
Exhibit 2	Property Characteristics (on file) <i>This exhibit, which lists every parcel in the District and is 23 pages in length is available upon request.</i>
Map 1	Boundary and Existing Land Use
Map 2	Structure Condition
Map 3	Proposed Uses and Proposed Improvements
Map 4	Existing Zoning
Attachment 1	City Attorney's Letter (in preparation)

Exhibit I
Tax Incremental District No. 66
Metcalf Park Homes

Boundary Description

The perimeter boundary of the tax incremental district is as follows:

Beginning at the centerline of the intersection of North 39th Street and West Center Street;

Thence, east to the center line of the intersection of North 27th Street and West Center Street;

Thence, south to the center line of the intersection of North 27th Street and West Meincecke Avenue;

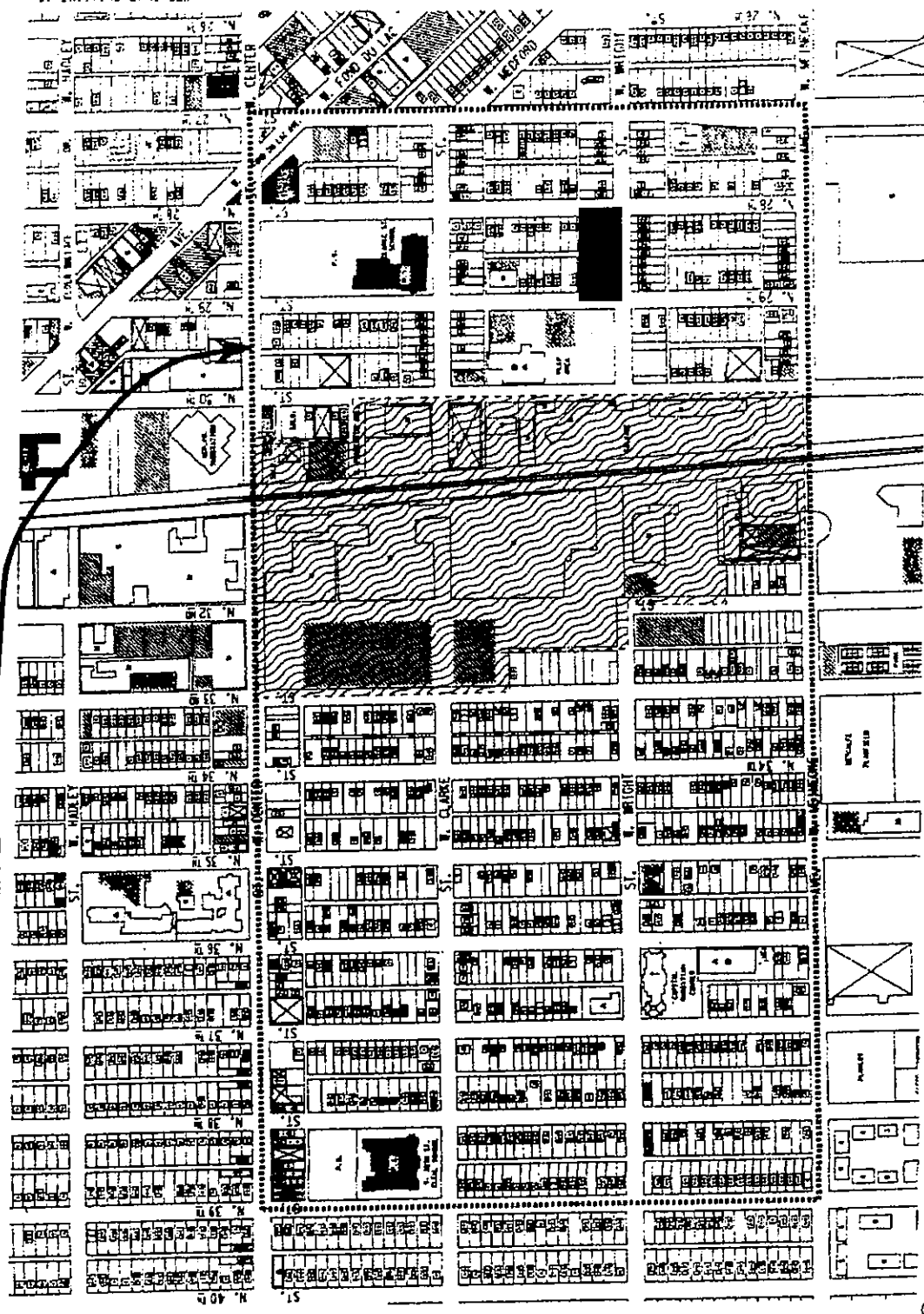
Thence, west to the centerline of the intersection of West Meincecke Avenue and North 39th Street;

Thence, north to the centerline of the intersection of North 39th Street and West Center Street, the point of beginning.

308 309 310
327 328 329

S. EXISTING LAND USE

TID BOUNDARY



LEGEND

.....	PROJECT BOUNDARY
1	CHURCH
2	HOTEL / MOTEL
3	ROOMING HOUSE
4	POLICE STATION
5	FIRE STATION
6	HOSPITAL
7	CONDOMINIUM
8	UTILITY COMPANY
9	STORAGE TANK
10	PARK
11	PUBLIC SCHOOL
12	PLAYGROUND
13	PARKING LOT
14	PARKING STRUCTURE
15	SINGLE OR DUPLEX RESIDENTIAL
16	MULTI-FAMILY RESIDENTIAL
17	MIXED COMMERCIAL / RESIDENTIAL
18	COMMERCIAL OR LOCAL BUSINESS
19	OFFICE / PROFESSIONAL SERVICES
20	MIXED COMMERCIAL
21	SKILLED CARE FACILITY
22	VACANT PARCEL
23	NON - PUBLIC EDUCATION
24	PUBLIC BUILDING
25	MANUFACTURING AND WAREHOUSING
26	ACCESSORY BUILDING
27	CEMETERY
28	TENNIS COURT
29	BASKETBALL COURT
30	DORMITORY

Excluded From Boundary

TID - 66
Metcalfe Park Homes

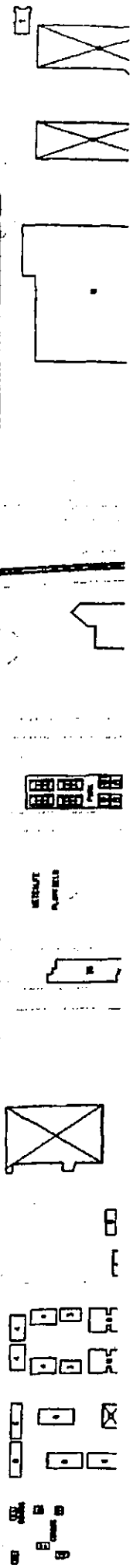
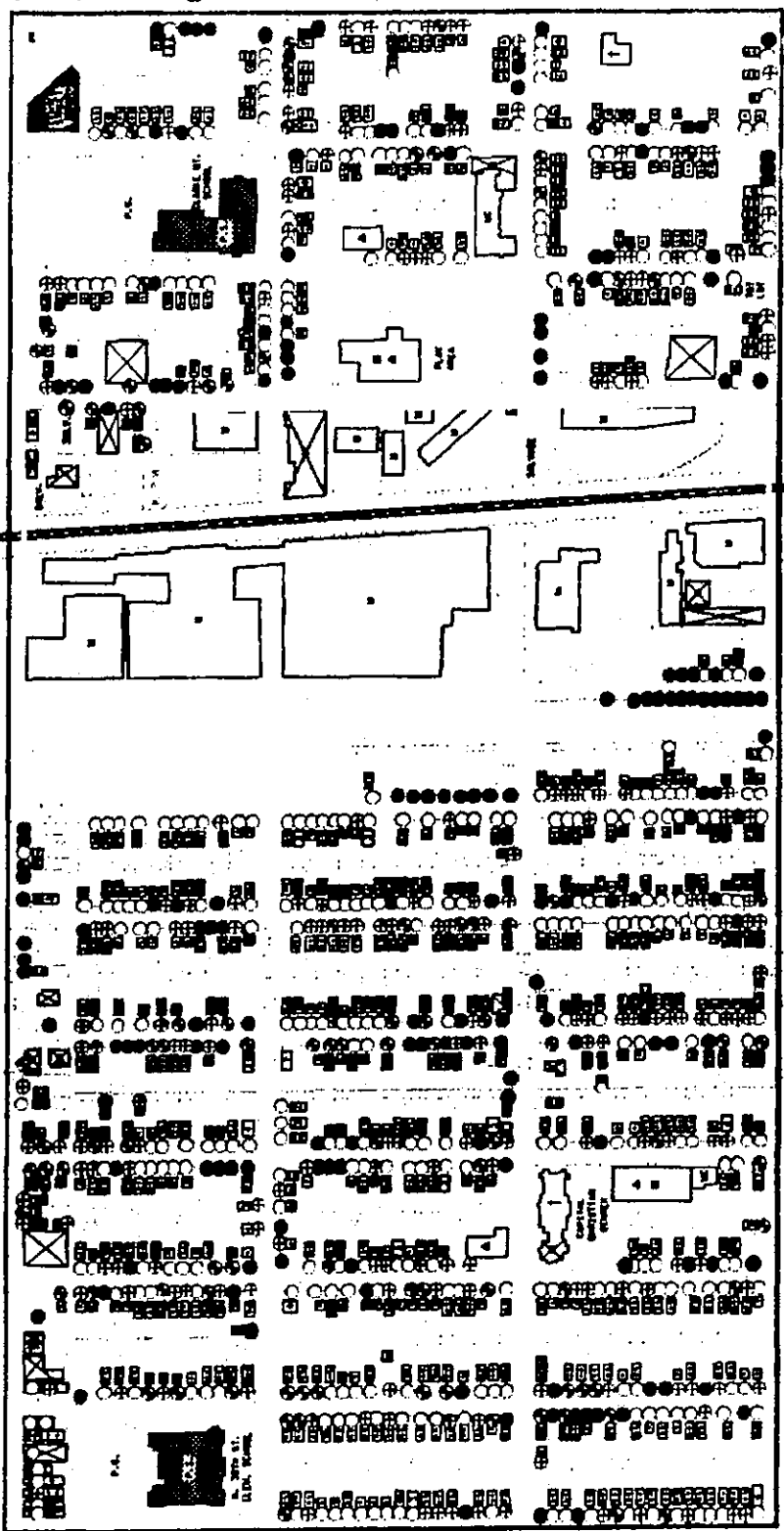
BOUNDARY AND EXISTING LAND USE

DATE 10/10/2008

Map 2
TID # 66

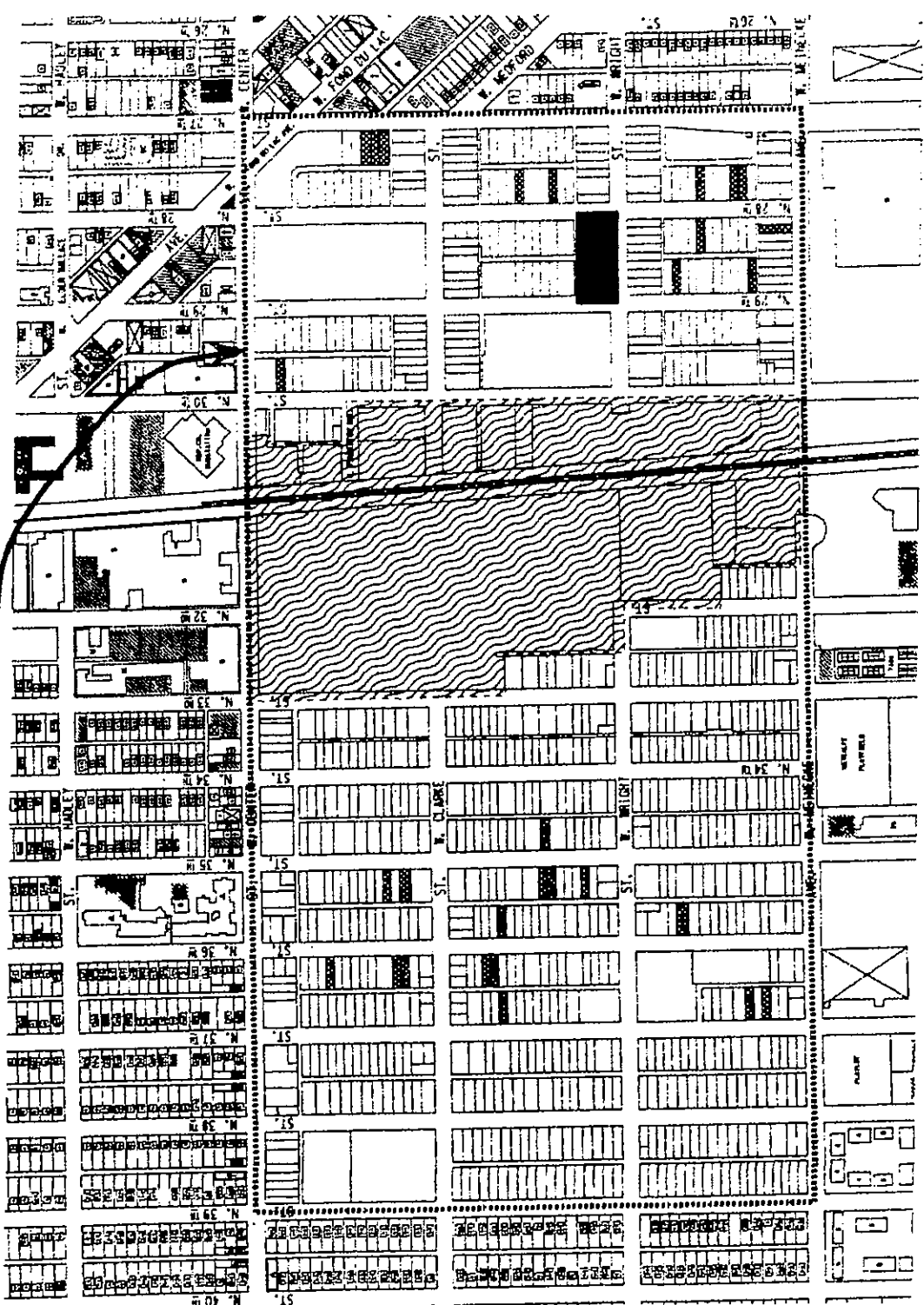
Metcalfe Park Neighborhood Condition Survey

- Legend**
- Standard
 - ⊕ Minor Deficiency (-)
 - ⊗ Major Deficiency (B)
 - Substandard (+)
 - Excluded



308 309 310
327 326 325

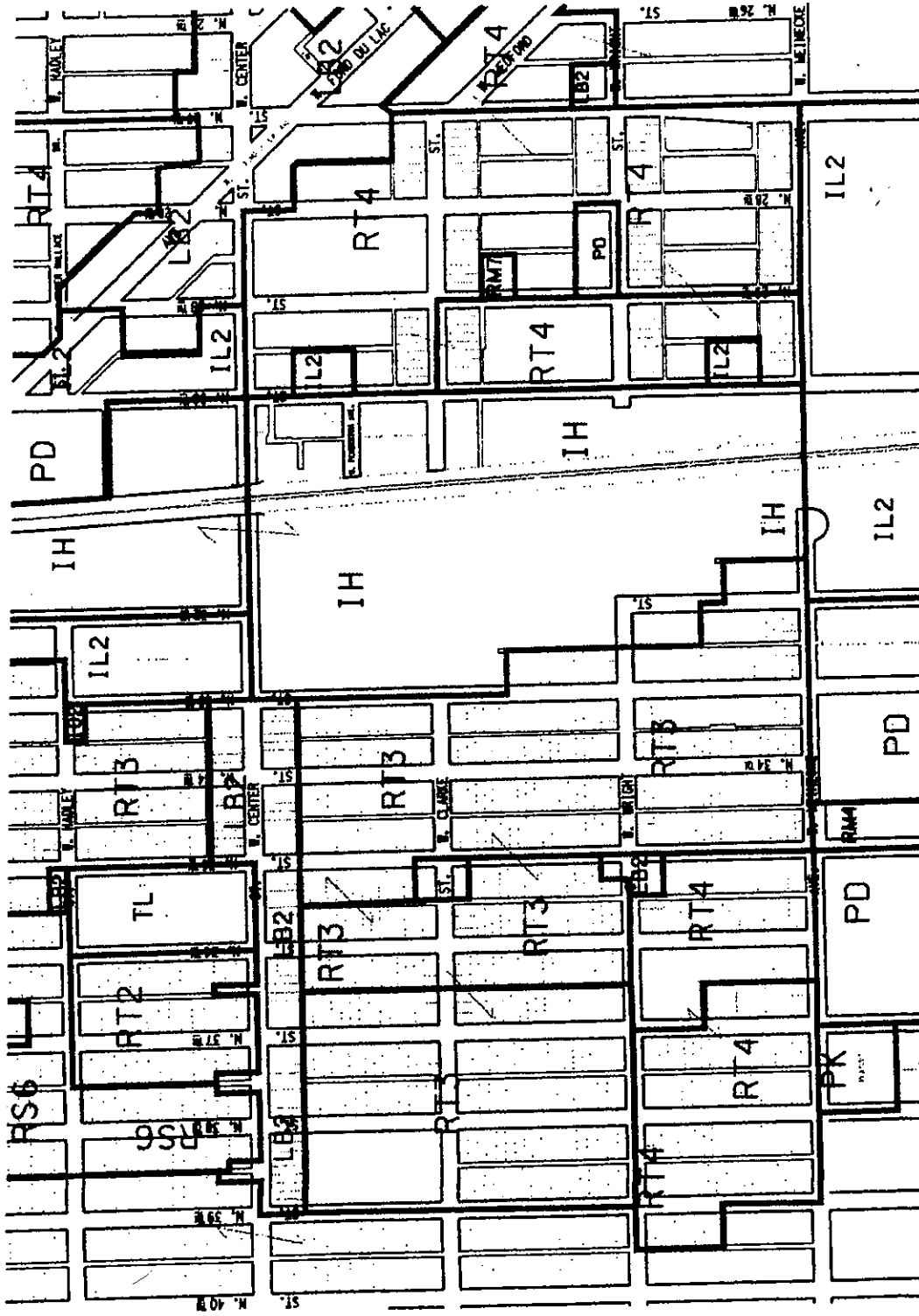
TID BOUNDARY



Single Family
Excluded From Boundary

TID 66
Metcalfe Park Homes
PROPOSED
USES AND IMPROVEMENTS

Metcalfe Park Homes
 TID 66
 DATE 10/10/79



Zoning Legend	
RS6	Single-Family Detached - 6,000 sq ft
RT2	Two-Family Residential - 2 units
RT3	Single-Family Detached
RT4	Two-Family Residential - 2 units
TL	Townhome
IL2	Single-Family Detached - 1/2 acre
IH	Single-Family Detached
PD	Professional Office
LB2	Lot-Blanket
RM7	Medium-Density Residential
PK	Park
RM4	Medium-Density Residential

TID 66
 Metcalfe Park Homes
 4
 EXISTING ZONING MAP
 DATE 10/10/79

**ECONOMIC FEASIBILITY STUDY
TAX INCREMENTAL DISTRICT NO. 66
Metcalf Park Homes
City of Milwaukee**

Prepared by the Department of City Development

October 2006

ECONOMIC FEASIBILITY STUDY
TAX INCREMENTAL DISTRICT NO. 66, CITY OF MILWAUKEE
METCALFE PARK HOMES
October 2006

Overview

Tax Incremental District (TID) Number 66 is being created to support the ongoing redevelopment of the Metcalfe Park neighborhood. The Metcalfe Park neighborhood has over the years, been challenged by declining housing stock, low levels of owner occupancy, poverty, and crime -- both real and perceived.

However, beginning in 2000, when the City of Milwaukee partnered with the Boys and Girls Club and the local philanthropic community to create the Todd Wehr Metcalfe Park Community Center, a combination school and Boys and Girls Club located between 33rd and 35th and North Avenue, there has been a steady stream of investment in the neighborhood that is creating momentum for ongoing improvement. A new Jewel Osco grocery store opened in 2001 near 35th and North Avenue. Several mixed used projects followed along the nearby North Avenue "Gateway District" including Columbia Square, Touissant Square and the New Covenant Gateway project.

Similar signs of encouragement are also occurring in the residential neighborhood. The Next Door Foundation recently completed a \$9.3 million expansion of its facilities at 29th and Wright, to create a state of the art early childhood education center. Habitat for Humanity has jumpstarted residential development efforts in the neighborhood through the construction of new single family homes, including a recent partnership with the Metropolitan Builders Association in which 10 homes were constructed within a one week period.

Currently, a partnership between the Milwaukee Urban League and Gorman & Company is bringing additional new development to the neighborhood. Construction is underway on the Dr. Wesley Scott project -- the conversion of the former Urban League headquarters building located at 28th and Wright into a high quality elderly housing development containing 80 affordable housing units. TID 66 is being created to support an additional phase of these residential renewal efforts. The Milwaukee Urban League/Gorman & Company partnership is proposing to continue their redevelopment efforts by constructing 30 new single-family homes on vacant City owned scattered site lots in the neighborhood under a "Lease to Own Program." To support this work, and to address the needs of local neighborhood residents, TID 66 would also create a forgivable loan pool that would provide home rehabilitation resources for existing property owners.

Lease to Own Program

The proposed Lease to Own Program is modeled after a similar program developed by the Cleveland Housing Network. The program utilizes the low-income housing tax credit program

as its primary source of funding. Under the Lease to Own Program, residents rent homes and are given the opportunity to purchase them at the end of a fifteen year tax credit compliance period. (Under the low income tax credit program, units have to be affordable to, and leased by, families earning no more than 60% of median income for a fifteen year period.) At the end of the compliance period, all of units will be transferred to the Milwaukee Urban League (a qualified non-profit), which will then sell the properties to qualified tenants at a discounted price. During the course of the lease period, tenants will receive counseling to prepare them for eventual home ownership.

Thirty new single-family homes will be built under the program on City owned scattered site lots in the neighborhood. Homes would be a mixture of 2, 3 and 4 bedroom units, have full basements, garages, central air conditioning, and all appliances. Rents would range from \$675 - \$825 per month. Total costs for this component of the project are \$5.5 million.

The project is being funded through a combination of equity generated from the low income tax credit program, tax exempt bond financing and a 0% mortgage from WHEDA, and deferred development fee. TID 66 would provide a contribution of \$900,000 toward this component of the project. (It should be noted that the developer intends to apply for an additional \$400,000 in Federal HOME funding in 2007 from the City of Milwaukee. Should these funds not be available or approved, additional development fee would be deferred.) A development budget and list of funding sources for the project is attached as Exhibit A.

Low Income Tax Credit Program and Developer Compensation

The low income housing tax credit program was created to encourage investment in affordable housing. In the program, investors receive a dollar for dollar reduction in their federal income taxes for ten years for investing in qualified affordable housing projects. The main source of compensation for developers of low income housing tax credit projects is development fee. Developers hold only a nominal interest in the project (.01%) and unlike a conventional market rate development, real estate losses from depreciation and interest write-off are passed through to the equity investors who purchase the tax credits and invest in the project. The developer will also be required to guaranty full completion and any cost overruns for the project, operating deficits, and recapture of credits due to non-compliance.

Given the structure, the Wisconsin Housing and Economic Development Authority (WHEDA) which is the allocating agency for low income housing tax credits in the State of Wisconsin has a prescribed policy for "acceptable development fees" for low income housing tax credit projects given the development risks associated with the program. For a new construction project, it is 12% of net project costs. In this project, the development fee is \$592,975 or 11.5% of net project costs. It should be noted that \$198,420 of it is deferred, for a net development fee of \$394,555 or 7.6% of net project costs.

Neighborhood Loan Pool

TID 66 would also fund a forgivable loan pool of \$500,000 to provide resources to residents for the rehabilitation of their properties. This approach was successfully employed in the Lindsay

Heights neighborhood and is intended to complement the new construction component of the project. Forgivable loans of up to \$10,000 will be provided for the purpose of making exterior improvements to existing properties in the neighborhood. The program would be administered by the neighborhood housing staff of the Department of City Development. Technical assistance would be provided to property owners including the preparation of a scope of work, assistance in the bidding process, and oversight of construction.

TID Assumptions

In order to determine whether the proposed TID costs can be financed by tax increment generated by the TID, the following assumptions were utilized:

- Total base value of \$44,276,900. Industrial properties along the 30th Street Industrial Corridor are excluded from the TID.
- Average per unit full assessment value for the lease option homes of \$55,000 per unit, or a total of \$1,650,00. Given these are rental units for a period of 15 years, the homes will be assessed using an "income" approach to value. Projected net operating income and estimated valuation is included in Attachment B and was developed in consultation with the City Assessor's Office. All 30 homes are anticipated to be built out and leased by the end of 2007.
- Estimated value at completion and stabilized occupancy of the Wesley Scott project of \$2,100,000. The project is anticipated to be completed at year-end 2006, and is anticipated to achieve full lease up and stabilized occupancy in October of 2007. (Attachment B). For the purposes of the TID analysis, 90% of value is projected to come on the tax rolls as of January 1, 2006 (completion) and 100% of value will come on the tax rolls as of January 1, 2007 (full lease up achieved). The project is currently assessed at \$450,000.
- While the renovations of existing property will positively contribute to the overall appearance of the neighborhood, the types of improvements contemplated (roofs, porches, siding, windows), are not anticipated to immediately increase the value of the homes.
- Annual property value increases of 2.5% beginning in 2009 for the Wesley Scott project and the Lease Option project and 2007 for the remainder of the district.
- Projections include a declining tax rate through 2020, at which point it would hold constant at 2%.

Table I forecasts total district property cash flow and bond payoff. Full amortization of the City's obligation is expected in 2018. Should the TID not be repaid by the end of the tax credit

compliance period (2023) for the lease/option homes, there are residual sales proceeds that could help retire any outstanding TID debt. Estimated sales price of the units at the end of the compliance period is approximately \$96,000 per unit. Given that the amount of remaining debt at that time is significantly less than projected sales revenues, a portion of excess sales proceeds will be pledged to retire any outstanding TID debt. An analysis of unit sales at the end of the compliance period and the amount potentially available for TID debt repayment is detailed in Table II.

II. Joint Review Board Test

In this section we evaluate the three tests, which the Joint Review must apply in determining whether or not to approve this amendment.

A. "But For"

The Joint Review Board must consider whether the development can occur without the use of tax incremental financing. To evaluate this criterion, we look at whether this project would be feasible without TID assistance.

While there are signs of improvement in the neighborhood, it is unlikely that the market is at the point that single-family homes could be built and sold at market rate. The lease option program provides an alternative that can bring significant additional subsidy to assist in the development of single-family homes through the low income tax credit program. However, even with the tax credit equity invested in the program, a gap remains. Without City involvement, there would be no incentive for the developer to undertake the project.

In addition, past experience has also shown that in order to impact a neighborhood in a way that creates a climate for continued reinvestment, a combination of both new construction and rehabilitation efforts are necessary. Given the types of rehabilitation efforts planned will not create the immediate increases in value that make projects economically feasible for property owners, financial resources are necessary to encourage renovation.

B. Economic Benefits

The Joint Review Board is charged with deterring whether the economic benefits are sufficient to justify the investment of public funds.

First, the ability to retire TID debt was considered. As structured, the district will close in 2018, prior to its 2033 termination. Additional sales proceeds would be available to retire debt if for some reason the TID does not meet its projections.

Second, There are significant benefits that will be derived from the new investment and new residential development in the neighborhood. The new

development will continue the momentum of redevelopment in the Fond du Lac and North planning area and provide a range of housing opportunities for residents. New construction will provide a visible sign of reinvestment. Existing properties will be rehabilitated and will also positively contribute to the appearance of the neighborhood. The involvement of residents in addressing quality of life issues in conjunction with physical improvement efforts will have a positive affect on the neighborhood.

Third, the project will create construction jobs and opportunities for emerging business enterprises.

C. Impacts on Other Jurisdictions

The Joint Review Board must also consider whether the benefits outweigh the anticipated tax increments to be paid by the owners of the property in the overlying taxing districts. Vacant land is currently generating no taxes - without the TID, it will likely remain so and continue to have a detrimental effect on the continued redevelopment of the neighborhood. The proposed redevelopment will significantly increase its value, as well as enhance the values and viability of surrounding properties. The owners of the property in the overlying taxing districts also will benefit when TID is terminated and its incremental tax revenues can be used for general purposes.

In our opinion, the project clearly meets the Joint Review Board tests.

Exhibit A

**TID No. 66
Metcalfe Park Lease Option
Program**

**Development Budget and
Sources of Funds**

Uses:

Land	\$	30
Construction	\$	4,198,425
Construction Contingency	\$	100,000
FF & E	\$	60,000
A&E	\$	90,000
Accounting	\$	10,000
WHEDA Fees	\$	26,000
Legal	\$	75,000
Loan fees	\$	72,000
Interest	\$	95,000
Insurance	\$	25,000
Title & Recording	\$	16,000
Appraisal/Market Study	\$	12,500
Environmental	\$	5,500
Cost Certification	\$	5,000
Marketing	\$	10,000
Miscellaneous	\$	20,000
Developer's Fee	\$	592,975
Rent-up/marketing	\$	31,000
Reserves	\$	90,000
Total Uses	\$	5,534,430

Sources:

Equity	\$	2,436,010
WHEDA First Mortgage (6.38%, 40 yr. Amort.)	\$	1,200,000
WHEDA Second (0%)	\$	400,000
TID	\$	900,000
City HOME	\$	400,000
Deferred Development Fee	\$	198,420
Total Sources	\$	5,534,430

Exhibit B

TID No. 66

Metcalfe Park Initiative

**Metcalfe Park Lease Option Program
Projected Value**

Gross Rental Income	\$257,040
Less Vacancies	(\$7,700)
Net Rental Income	\$249,340
Less Operating Expenses (not including taxes)	(\$124,700)
Net Operating Income	\$124,640

Estimated Value using a
7.5% cap rate (not inc. taxes) \$1,661,900

of units 30

Value/unit \$55,397

Completion Schedule

Completion 8/2007
Lease-up 12/2007

Wesley Scott Projected Value

Gross Rental Income	\$553,200
Less Vacancies	(\$38,700)
Net Rental Income	\$514,500
Other Income	<u>\$17,800</u>
Operating Income	\$532,300
Less Operating Expenses	<u>(\$306,800)</u>
Net Operating Income	\$225,500

Estimated Value
using a 10.5% cap rate \$2,147,600

Completion Schedule

Estimated Completion 11/06
Full Lease-Up and Stabilized
Occupancy 10/07

Value as of 1/2006 \$1,932,800
Value as of 1/2007 \$2,147,600

Table 1
TID Number 66
Metcalfe Park Homes

Year	Value Lease Option Homes	Value Wesley Scott	Value Remainder of District	Est. District Value	Base Value	Incremental Value	Tax Rate	Tax Incremental Revenue (2)	Debt Balance	Interest
2006	\$0	\$450,000	\$43,826,900	\$44,276,900	\$44,276,900	\$0	2.44%	\$0	\$1,475,000	\$66,375
2007	\$0	\$1,932,800	\$44,922,573	\$46,855,373	\$44,276,900	\$2,578,472	2.38%	\$0	\$1,541,375	\$68,362
2008	\$1,500,000	\$2,147,600	\$46,045,637	\$49,693,237	\$44,276,900	\$5,416,337	2.31%	\$61,368	\$1,549,368	\$69,722
2009	\$1,537,500	\$2,201,290	\$47,196,778	\$50,935,568	\$44,276,900	\$6,658,668	2.25%	\$125,117	\$1,493,973	\$67,229
2010	\$1,575,936	\$2,256,322	\$48,376,697	\$52,208,957	\$44,276,900	\$7,932,057	2.19%	\$149,820	\$1,411,392	\$63,512
2011	\$1,615,336	\$2,312,730	\$49,586,115	\$53,514,181	\$44,276,900	\$9,237,281	2.14%	\$173,712	\$1,301,182	\$58,553
2012	\$1,655,719	\$2,370,549	\$50,825,767	\$54,852,035	\$44,276,900	\$10,575,135	2.08%	\$197,678	\$1,162,058	\$52,293
2013	\$1,697,112	\$2,429,812	\$52,096,412	\$56,223,336	\$44,276,900	\$11,946,436	2.03%	\$219,963	\$994,388	\$44,747
2014	\$1,739,540	\$2,490,558	\$53,398,822	\$57,628,920	\$44,276,900	\$13,352,020	2.00%	\$242,513	\$796,622	\$35,848
2015	\$1,783,029	\$2,552,822	\$54,733,792	\$59,069,643	\$44,276,900	\$14,792,743	2.00%	\$267,040	\$565,430	\$25,444
2016	\$1,827,604	\$2,616,642	\$56,102,137	\$60,546,384	\$44,276,900	\$16,269,484	2.00%	\$295,855	\$295,018	\$13,276
2017	\$1,873,294	\$2,682,058	\$57,504,691	\$62,060,043	\$44,276,900	\$17,783,143	2.00%	\$325,390	\$-17,094	-\$769
2018	\$1,920,127	\$2,749,110	\$58,942,308	\$63,611,544	\$44,276,900	\$19,334,644	2.00%	\$355,663	-\$373,526	-\$16,809
2019	\$1,968,130	\$2,817,837	\$60,415,866	\$65,201,833	\$44,276,900	\$20,924,933	2.00%	\$386,693	-\$777,028	-\$34,966
2020	\$2,017,333	\$2,888,283	\$61,926,262	\$66,831,879	\$44,276,900	\$22,554,979	2.00%	\$418,499	-\$1,230,493	-\$55,372
2021	\$2,067,767	\$2,960,490	\$63,474,419	\$68,502,676	\$44,276,900	\$24,225,776	2.00%	\$451,100	-\$1,736,965	-\$78,163
2022	\$2,119,461	\$3,034,503	\$65,061,279	\$70,215,243	\$44,276,900	\$25,938,343	2.00%	\$484,516	-\$2,289,644	-\$103,484
2023	\$2,172,447	\$3,110,365	\$66,687,811	\$71,970,824	\$44,276,900	\$27,693,724	2.00%	\$518,767	-\$2,921,894	-\$131,485
2024	\$2,226,758	\$3,188,124	\$68,355,007	\$73,769,889	\$44,276,900	\$29,482,989	2.00%	\$553,874	-\$3,607,254	-\$162,326
2025	\$2,282,427	\$3,267,827	\$70,063,882	\$75,614,137	\$44,276,900	\$31,337,237	2.00%	\$589,860	-\$4,359,440	-\$196,175
2026	\$2,339,488	\$3,349,523	\$71,815,479	\$77,504,490	\$44,276,900	\$33,227,590	2.00%	\$626,745	-\$5,182,360	-\$233,206
2027	\$2,397,975	\$3,433,261	\$73,610,866	\$79,442,102	\$44,276,900	\$35,165,202	2.00%	\$664,552	-\$6,080,118	-\$273,605
2028	\$2,457,925	\$3,519,093	\$75,451,137	\$81,428,155	\$44,276,900	\$37,151,255	2.00%	\$703,304	-\$7,057,027	-\$317,566
2028	\$2,519,373	\$3,607,070	\$77,337,416	\$83,463,858	\$44,276,900	\$39,186,959	2.00%	\$743,025		

Assumes a 2.5% annual growth rate in property values in district (beginning in 2009 for Wesley Scott and Lease to Own, and 2007 for remainder of district)
 Interest on City debt - 4.25%
 Declining tax rate through 2020

Table II
TID No. 66

Metcalf Park Lease to Own Program
Forecast of Surplus Sales Revenues at End of Compliance Period

Metcalf Park Lease Option Program

Estimate average sales price/unit: \$89,662

Projected Sales - Year 15

	4/2023	5/2023	6/2023	7/2023	8/2023	9/2023	10/2023	11/2023	12/2023	1/2024	2/2024	3/2024	4/2024	5/2024	6/2024
Units Sold	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Revenue from Sales	\$189,324	\$189,324	\$189,324	\$189,324	\$189,324	\$189,324	\$189,324	\$189,324	\$189,324	\$189,324	\$189,324	\$189,324	\$189,324	\$189,324	\$189,324
Less: (closing costs)	(\$10,052)	(\$10,052)	(\$10,052)	(\$10,052)	(\$10,052)	(\$10,052)	(\$10,052)	(\$10,052)	(\$10,052)	(\$10,052)	(\$10,052)	(\$10,052)	(\$10,052)	(\$10,052)	(\$10,052)
Less: (renture incentive)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)
Balance for payments	\$179,272	\$179,272	\$179,272	\$179,272	\$179,272	\$179,272	\$179,272	\$179,272	\$179,272	\$179,272	\$179,272	\$179,272	\$179,272	\$179,272	\$179,272
Cumulative	\$179,272	\$358,544	\$537,816	\$717,088	\$896,360	\$1,075,632	\$1,254,904	\$1,434,176	\$1,613,448	\$1,792,720	\$1,971,992	\$2,151,264	\$2,330,536	\$2,509,808	\$2,689,080

First Mortgage Balance \$1,029,700 \$850,428 \$671,156 \$491,884 \$312,612 \$133,340 \$0

Available for Distribution

Cumulative	\$425,000
Priority	\$100,000
TID Debt	\$100,000
WHEBA Second Mortgage	\$100,000
HOME Loan (if needed, less)	\$100,000
Balance	\$125,000