



Department of City Development
City Plan Commission
Redevelopment Authority of the City of Milwaukee
Neighborhood Improvement Development Corporation

Rocky Marcoux
Commissioner
rmarco@milwaukee.gov

Martha L. Brown
Deputy Commissioner
mbrown@milwaukee.gov

April 30, 2015

Members of the Joint Review Board for Milwaukee Tax Incremental Finance Districts:

Mark Nicolini, City of Milwaukee; Chair
Teig Whaley-Smith, Milwaukee County
Al G. Shoreibah, Milwaukee Area Technical College
Gerald Pace, Milwaukee Public Schools
Robert Rondini, Redevelopment Authority Commissioner; Citizen Member

Gentlemen:

Re: 2014 Annual Report of Milwaukee's Tax Incremental Finance Districts

Enclosed is the Annual Report of Milwaukee's Tax Incremental Finance Districts (TIDs) for the year ended December 31, 2014. The report covers project accomplishments for each district, a summary of costs and revenues, and an estimate of when the district is likely to recover its project costs.

The 2014 report includes additional financial information; debt issuance interest costs, and any miscellaneous revenue generated by district activity (e.g., land sales, rent, loan repayment) have been added. This financial information was not included in prior reports, but does impact the general health, success and pay off projections of the individual districts.

Given the extent of the report, this information may be accessed for each district at:

<http://city.milwaukee.gov/TaxIncrementalFinancing.htm>

The Common Council adopted 13 resolutions regarding Tax Increment District activity in 2014. Two resolutions created new Tax Increment Districts:

- File #140200 created TID #80: Posner Building. The district will redevelop the iconic Posner Building into 105 apartments, restore the historical features of the façade and renovate the vacant first floor retail space.
- File #141267 created TID #81: 1st & Greenfield. The district will fund infrastructure, environmental remediation and property acquisition costs through a



cash grant to the Developer, as well as additional public infrastructure and storm water management improvements.

The City of Milwaukee dissolved one district in 2014, TID #44: Lindsay Heights (file #131478), returning \$54.0 million of tax base to the tax rolls of Milwaukee's five taxing jurisdictions.

Per City of Milwaukee Ordinance 304-95-2, the project plans of TID #28: City Homes (file #140732) and TID #40: West North Avenue (file #120271) were amended to fund street-paving projects within one-half mile of the district boundary, providing an additional \$800,000 to the City's paving program.

Other district project plan amendments included Amendment No. 3 to TID #37: Grand Avenue (file #131580) to provide \$1.2 million in incentives to Bon Ton Department Stores, Inc. where \$300,000 was paid upon execution of the agreement and the remaining grant balance is paid \$300,000 per year for three years, and Amendment No. 2 to TID #75: Reed Street Yards (file #140453) to fund public infrastructure improvements, parking and public plaza costs and create a \$5.0 million Private Venture Fund to attract businesses to the district.

File #131498 approved a Term Sheet providing for disbursement of public infrastructure costs related to the North End III project and authorized expenditures in TID #48 (Park East).

In 2014, the City of Milwaukee took advantage of State of Wisconsin Act 183, a new provision that allows a district's tax incremental base to be redetermined by the Department of Revenue for the first time. This provision can only be utilized in cases where a district's value has experienced a decrement of at least 10% of the base value in each of the two previous fiscal years. The City redetermined the base values of three challenged districts: TID #71: Mitchell Street (file #140436), TID #72: Bishops Creek (file #140728) and TID #74: N. 35th Street and West Capitol Drive (#140437).

Finally, the City approved a one-year extension of two districts, TID #30: Westown/Library Hill (file #140903) and TID #40: West North Avenue (file #140904), to use the resulting tax increments from the 2014 levy to benefit affordable housing and to improve housing stock in the City of Milwaukee. Implemented for the first time in the 2015 budget, these files provided an additional \$1.25 million to the City's Strong Neighborhoods Program.

Summary statistics for 2014 Tax Incremental District performance includes: Total incremental property value in all districts has grown by approximately 1.5% to \$1.1 billion. This represents 4.2% of the City's total property value in 2014.

Members of the Joint Review Board for Milwaukee Tax Incremental Districts
April 30, 2015
Page 3

In 2014, 28 of the 46 districts (61%) decreased in value, reversing the gains made in 2013 where 31 of 45 districts gained in value. However, it should be noted that of the 28 districts where values decreased, 18 had value decreases of less than 5%. Other more significant decreases may reflect Department of Revenue value corrections for 2013 values, assessment appeals or site clearing to allow future development. In comparison, prior district performance includes a 60% decline in value in 2012, 54% decline in 2011, and 67% decline in 2010.

Project costs remaining to be recovered through future tax incremental revenue, including debt service on outstanding bonds, or bonds to be sold, are now estimated at \$261 million. This does not include costs advanced by businesses or developers through developer financed districts.

A summary of districts estimated to recover their costs within the next two years are listed in the table attached to this letter. This table reflects the department's best estimates, but is subject to audit and, in some cases, may be impacted by the issuance of future debt to finance project costs already incurred. It is expected that all of these districts will be evaluated for paving and housing assistance amendments, adding up to two years to the estimated dates of closing.

If you have any questions related to this report, or the status of any Milwaukee Tax Incremental District, please contact Sandra Rotar of my staff at (414) 286-5697.

Sincerely,



Rocky Marcoux
Commissioner

Attachments

**Table A:
Districts Estimated to Recover Project Costs within
2014-2015 (Levy Year)**

District No.	District Name	Projected Year Project Costs are Recovered [1] (Levy Year)	2014 Incremental Property Value (\$ millions)	Comments
18	New Covenant Housing	2014	\$2.5	Housing (2015)
28	City Homes	2014	\$8.5	Housing (2015)
30	Westown Village	2014	\$17.5	Dissolve (2015)
39	Hilton Hotel Parking Ramp	2014	\$18.0	
40	West North Avenue	2014	\$17.3	Dissolve (2015)
17	Curry/Pierce	2015	\$1.3	
20	Florida Yards	2015	\$16.3	Street paving (2015)
27	Clarke Square	2015	\$8.1	Street paving (2015)
37	Grand Avenue	2015	\$68.8	
58	20 th & Walnut	2015	\$0	Receiving donations to insure cost recovery
61	Chase Commerce Center	2015	\$0.0	
65	North 20 th /West Brown St.	2015	\$0.0	Receiving donations to insure cost recovery
66	Metcalf Park Homes	2015	\$0.0	Receiving donations to insure cost recovery

[1] Projected closing dates exclude possible paving & housing amendments.