City of Milwaukee

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

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April 30, 2013

Members of the Joint Review Board for Milwaukee Tax Incremental Finance Districts:
Mark Nicolini, City of Milwaukee; Chair
Jill Didier, Milwaukee County
James Williams, Milwaukee Area Technical College
Gerald Pace, Milwaukee Public Schools
Robert Rondini, Redevelopment Authority Commissioner; Citizen Member

Lady and Gentlemen:

Re: 2012 Annual Report of Milwaukee's Tax Incremental Finance Districts

Enclosed is the Annual Report of Milwaukee's Tax Incremental Finance Districts for the year ended December 31, 2012.

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

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

As of year-end, Milwaukee had 44 active Tax Incremental Districts (TIDs). In 2012, one new district was created (TID #77, HellermannTyton), and three were closed (TID #34, Third Ward Riverwalk; TID #35, 27th & Wisconsin Ave.; and TID #55, Holt Plaza). The closed districts added approximately $90 million to the city's tax base.

Three districts were amended to reflect implementation of the 2009 directive for the Commissioner of City Development to prepare, for each TID likely to close, an amendment to the project plan including all street-paving projects anticipated to occur within the district or within one-half mile of the district's boundaries. The project plans of TID #18, New Covenant Housing, TID #30, Westown/Library Hill and TID #47, 875 East Wisconsin, were amended providing an additional $500,000 in funding for street-paving projects.

The total incremental property value in all districts was approximately $935 million. This represents 3.5% of the City's total property value in 2012.

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 $210 million. This does not include costs advanced by businesses or developers through "pay as you go" districts.

As the department reported in June 2012, decreasing equalized values continue to be a concern in several of the districts. In 2012, twenty-seven of the 44 districts declined in value, continuing a downward trend of several years (in 2010, 31 of 46 districts and in 2011, 25 of 46 districts declined in value). It should be noted that the biggest factor in many of the districts' value decline is that the deteriorated economy has depressed property values throughout the country. These decreased values are likely to lead to a general lengthening of the districts' payback periods.

A summary of districts estimated to recover their costs within the next several 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. The inclusion of additional interest costs for any TID may increase the time necessary to retire that district.

In addition, given the continuing weakness in the economy, certain districts may need to receive donations from other districts in order to recover their project costs in a timely manner. For example, in 2013, TID #22 was approved to donate to TIDs #60 (Intermodal Station) and #62 (DRS).

If you have any questions related to this report, or the status of any Milwaukee Tax Incremental District, please contact Jim Scherer or Sandra Rotar of my staff.

Sincerely,

Rocky Marcoux
Commissioner

Attachment

Table A:
Districts Estimated to Recover Project Costs within the Next Several Years

District No.	District Name	Projected Year Project Costs are Recovered [1] (Levy Year)	2012 Incremental Property Value ($ millions)
18	New Covenant Housing	2012	$2.3
28	City Homes	2012	$8.1
30	Westown Village	2012	$11.2
40	West North Avenue	2012	$17.1
44	Walnut/Locust	2012	$54.0
47	875 East Wisconsin	2013	$48.5
20	Florida Yards	2014	$23.1
37	Grand Avenue	2014	$61.2
39	Hilton Hotel Parking Ramp	2014	$17.2
50	Solar Paint	2014	$3.4
17	Curry/Pierce Project	2015	$1.3
27	Clarke Square	2015	$8.1
54	Stadium Business Park	2015	$17.6

[1] Projected closing dates exclude possible paving amendments