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

Gentlemen:

Re: 2015 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, 2015. The report covers project accomplishments for each district, a summary of costs and revenues, and an estimate of when each district is likely to recover its project costs.

The 2015 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 20 resolutions regarding Tax Increment District activity in 2015. Four resolutions created new Tax Increment Districts:

- File #141263 created TID #82 (East Michigan Street). The district will fund public improvements related to The Couture residential tower (public transportation concourse, visitor walkways, bike/pedestrian amenities, and publically accessible plazas) and funding for the initial Milwaukee Streetcar route and lakefront loop extension.
- File #150184 created TID #83 (Broadway & Michigan). The district will fund a developer financed grant to assist in the renovation of the Mackie Building including the restoration of the façade and clock tower.

- File #1503383 created TID #84 (West McKinley & Juneau). The district will fund public plaza construction and a developer financed contribution towards a city owned parking structure to support the new Milwaukee Bucks area and anticipated ancillary development in the Park East corridor.
- File#150654 created TID #85 (6th & National). The district will fund the reconstruction of South 5th Street from West Virginia Street to West Scott Street and bike share stations in the Walker's Point neighborhood.

The City of Milwaukee dissolved two districts in 2015:

- TID #30 (Westown, file #150239), returning $31.6 million of tax base to the tax rolls of Milwaukee's five taxing jurisdictions
- TID #40 (North 35th Street and West North Avenue, file #150240), returning $21.3 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 #20 (Florida Yards, file #150175), TID #27 (Clarke Square, file #150185), and TID #39 (City Center Hilton, file #150913) were amended to fund street-paving projects within one-half mile of the district boundary, providing an additional $1,390,000 to the City's paving program.

Other district project plan amendments included:

- Amendment No. 3 to TID #56 (Erie/Jefferson Street, file #141264) to provide $695,942 for the expansion of the Riverwalk, $540,000 for public improvements, $18.3 million for the Milwaukee Streetcar, and $400,000 for business expansion or relocation
- Amendment No. 3 to TID #53 (Menomonee Valley Business Park, file #141732) to provide up to $2.0 million to investigate and address geotechnical and environmental issues
- Amendment No. 1 to TID #79 (North Water Street, file #150157) to provide up to $3,920,000 for Riverwalk construction
- Amendment No. 1 to TID #78 (The Northwestern Mutual Life Insurance Company, file #150180) to expand the existing district boundary and provide a $250,000 grant to Johnson Controls to conduct site due diligence
- Amendment No. 4 to TID #22 (Beerline "B," file #150384) to provide up to $27 million toward a new parking structure for the downtown arena project
- Amendment No. 1 to TID #83 (Broadway and Michigan, file #150914) to provide $1,960,000 for streetscaping and administration
- Amendment No. 4 to TID #56 (Erie/Jefferson Street, file #150911) to provide $295,000 for dockwall improvements.

The City also approved files to provide additional funding included in prior amendments or project plans for TID #48 (Park East, file #150159) for implementation of North End Phase III and IV and TID #81 (1st and Greenfield, file #150653) for additional site costs associated with the development.

Finally, the City approved one-year extensions of TID #28 (City Homes, file #150749) and TID #20 (Florida Yards, file #150951) to use the resulting tax increments from the 2015 levy to benefit affordable housing and to improve housing stock in the City of Milwaukee. These files provided an additional $780,000 to the City's Strong Neighborhoods Program in the City's 2016 budget.

Total incremental property value in all districts grew by approximately 1.5% to $1.1 billion. This represents 4.4% of the City's total property value in 2015.

In 2015, 21 of the 45 districts (46%) decreased in value; this is an improvement over 2014, when 28 of 44 districts decreased in value. Of the 21 districts in which values decreased during 2015, 11 had value decreases of less than 5%. Districts with more significant decreases may reflect Department of Revenue value corrections for 2014 values, assessment appeals or site clearance to allow future development.

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 $225 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 is provided 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 David Schroeder of my staff at (414) 286-5933.

Sincerely,

Rocky Marcoux
Commissioner

Attachments

Table A:
Districts Estimated to Recover Project Costs within 2015-2016 (Levy Year)

District No.	District Name	Projected Year Project Costs are Recovered [1] (Levy Year)	2015 Incremental Property Value ($ millions)	Comments
18	New Covenant Housing	2015	$2.5	Housing (2016)
28	City Homes	2015	$7.6	Dissolve (2016)
39	Hilton Hotel Parking Ramp	2016	$24.4	Housing (2016)
17	Curry/Pierce	2015	$1.3	
20	Florida Yards	2015	$18.3	Dissolve (2016)
27	Clarke Square	2015	$8.1	Housing (2016)
37	Grand Avenue	2015	$68.3	
50	Solar Paints	2016	$2.0	Paving (2016)
54	Stadium Business Park	2016	$18.5	
58	20th & Walnut	2015	$0	Receiving donations to insure cost recovery
60	Intermodal Station	2015	$5.6	Receiving donations to insure cost recovery
61	Chase Commerce Center	2015	$0.2	
65	North 20th/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.