

**TID 48 - Park East Corridor Redevelopment  
Periodic Report  
12/31/14**

**District Created: 2002**

**Authorized expenditure (excluding interest): \$39,871,269**

**Authorizing resolution(s): #011182, #041514, #071392, #081717, #090687, #101297, #131498**

**Projected TID cost recovery: 2028 (levy year)**

**Maximum legal life: 2029**

**Base property value: \$45,325,600**

**Completion status: Flatiron, North End I, Aloft Hotel, Milwaukee Moderne, North End II and the MSOE soccer stadium, parking structure and public park projects are completed. The Avenir and North End III are underway.**

**Project description**

The district encompasses the corridor of the former Park East Freeway, generally bounded by East Juneau Avenue and East Highland Avenue on the south, North 8th Street on the west, North Jefferson Street, North Milwaukee Street, and North Broadway on the east, and West McKinley Street on the north.

Initially, the district funded capital costs of \$3.9 million for improvements and reconstruction of numerous street segments. These improvements were made in coordination with the demolition of the freeway structure that previously ended at North Jefferson Street. The freeway has been rebuilt to end at North 6th Street and reconnect with the city street grid at that location.

The demolition of the freeway freed up approximately 25 acres of underutilized land for future development. It is expected that \$780 million of new office, commercial and residential construction will take place on these sites over the next ten to fifteen years. The Redevelopment Authority approved the Redevelopment Plan in 2003 with Common Council approval obtained in 2004.

An amendment to the district plan, increasing costs to \$19.9 million, was approved by the Common Council in May of 2005. Also in 2005, the sale of a site at 1550 North Water Street was approved to Flatiron, LLC. The Flatiron development includes 33 residential units and ground floor retail space along Water Street. In addition, two sites were optioned to RSC, Inc. of Chicago, which proposed to develop a mix of residential and commercial projects. RSC's option on the second site expired and the company chose not to extend it. In late 2007, RSC purchased block 26 from Milwaukee County with the intention of developing two hotels and a residential mixed-use project.

In the latter part of 2006, Milwaukee County also optioned the block encompassed by East Juneau Avenue, East McKinley Avenue, North 3rd Street and North 4th Street to Mequon-based developer Rob Ruvin, who proposed a mixed-use development that would include a hotel, residential units and a small retail component. This option expired and the development did not move forward.

In December 2006, the Common Council approved a development agreement for the North End riverwalk and public infrastructure project, in conjunction with the North End development on the site of the former US Leather tannery, located at 1531 North Water Street. The Development Agreement earmarked \$500,000 for job training programs associated with the project. Phase I of

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the North End development broke ground in March 2008. Completed in 2009, this phase includes 88 apartments, 13,000 square feet of first floor retail and a parking structure with 115 spaces.

In April 2008, an increase in funding was approved for allocation of an additional \$1,250,202 for the City-share of costs for a 200 linear foot riverwalk, dockwall and related public infrastructure built in conjunction with the Aloft Hotel, located at 202 West Juneau Avenue. In December of 2009, the \$27 million project opened to the public with 160 guest rooms, first floor meeting space and a bar/lounge area. The funding increase also included use of an amount not to exceed \$278,160 to purchase the private property owned by M&I Bank for the purpose of establishing right-of-ways for the extension of Ogden and Market Streets.

In November 2009, the Common Council approved an increase in funding to provide a \$9,300,000 loan to the Moderne, which will be repaid by the sale proceeds of the 14 condo units and excess cash flow from the apartment & retail portions of the project. The project, at the southwest corner of Old World 3<sup>rd</sup> and Juneau Streets includes 203 apartments, 14 condominiums and 204 structured parking spaces. This increase in funding also included \$850,000 for a public park at Water and Broadway Streets, as outlined in the project plan.

The Moderne broke ground in December 2010. In late fall 2012, the parking and apartments were completed, with the condo units completed in December 2012. To date, the Moderne has sold 9 of its 14 condo units. Sale proceeds to date have fully satisfied the \$2.8 million mezzanine loan, leaving a balance of \$6.5 million for the completion loan. The completion loan will also be paid with the sale proceeds from the remaining condo sales and excess cash flow from the apartments at stabilization. The apartments have a 90% occupancy rate, with 183 of the 203 leased. The commercial portion of the development is fully leased to Carson's Prime Steaks and Famous Barbeque Restaurant.

In January 2010, the Redevelopment Authority of the City of Milwaukee (RACM) approved \$30,000,000 in bonding for the Park East Square project, a 121-unit apartment at Ogden and Milwaukee Streets being developed by RSC & Associates. The bonds will be repaid by the developer, using RACM as a conduit. This project was also expected to break ground in 2010. However, the developer couldn't secure financing and the project did not move forward.

The North End Phase II project broke ground in 2012 and included 155 residential units & 220 additional parking spaces within an expanded structure. As a condition to receiving their senior financing from WHEDA, 80% of the units will be market rate, with the remaining 20% leased as affordable units to households earning no more than 60% of the County's median income. Public infrastructure associated with this phase of the project included an extension of the riverwalk system, a public plaza at the corner of Water and Pleasant Streets and an extension of Edison Street adjacent to the newly constructed riverwalk.

Construction of the North End II project was completed mid-summer 2013. Of the \$4,628,940 in loan proceeds, \$3,573,621 was disbursed. The remaining proceeds will be disbursed in 2015. The project has stabilized with occupancy rates in the high 90s for both buildings. Total infrastructure funds of \$2,140,115 were disbursed through 2014 for the riverwalk, dockwall

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and Edison Street. A small balance of \$59,884.89 is remaining and expected to be dispersed in 2015. Finally, Denim Park, the public plaza, opened with the developer hosting a series of concerts open and free to the public.

The MSOE soccer stadium and parking structure project were completed in the summer of 2013. The parking structure serves MSOE, BMO Harris Bank and other private users in the downtown area. The soccer stadium has hosted numerous games in its first two seasons. The development also included creation of a public park abutting the soccer stadium that will be maintained by MSOE.

In fall of 2013, The Avenir broke ground on Block 26 bordered by North Milwaukee, North Jefferson & East Lyon Streets and East Ogden Avenue. Developed by Wangard, the first phase on this 3-acre block will include 104 apartments, 7,072 square feet of commercial space and a parking structure. With an anticipated construction cost of \$22 million, the project was near completion at the end of 2014. Leases for the retail portion of the project were signed by a nail spa, cellular phone provider, Great Clips and Jimmy Johns franchise.

In March of 2014, the Common Council approved a substitute resolution for a term sheet authorizing \$2,000,000 in district funding for infrastructure related to the North End III project. Funding will assist with the costs for the dockwall, riverwalk and the extension of Edison Street. This mixed-use development will include 30,000 square feet of commercial retail, 160 apartments and structured parking. Fresh Thyme Market was announced as the commercial tenant. It is anticipated that funds will be released in 2015 when the developer submits their reimbursement requests for the cost of the infrastructure.

In fall of 2014, the Hammes Corporation secured an option on Block 12 from Milwaukee County and announced that they will be developing an office complex and will also move their headquarters from Brookfield to Milwaukee. Construction for this development is anticipated to begin in the 2<sup>nd</sup> or 3<sup>rd</sup> quarter of 2015.

District values have increased as follows:

<b>Year</b>	<b>Incremental Value</b>	<b>Change</b>
2014	\$ 120,612,600	4%
2013	\$ 116,490,500	76%
2012	\$ 66,301,700	37%
2011	\$ 48,333,200	20%
2010	\$ 40,232,500	23%
2009	\$ 32,786,900	29%
2008	\$ 25,383,100	69%
2007	\$ 14,987,400	32%
2006	\$ 11,324,900	109%
2005	\$ 5,416,100	134%
2004	\$ 2,313,100	438%
2003	\$ 430,100	

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**Expenditures - Life to Date (as of 12/31/14)**

	<b>Project Plan Budget</b>	<b>Appropriations</b>	<b>Encumbrances</b>	<b>Expenditures</b>	<b>Remaining</b>
Administration	\$ 2,314,000	\$ 3,047,650		\$ 2,126,458	\$ 921,192
Public Improvements	22,878,329	22,040,691	66,849	21,002,345	971,497
Public Park	750,000	850,000		-	850,000
Loans to Developer	13,928,940	13,928,940	1,055,319	12,873,621	-
Capitalized Interest	3,937,127	2,038,326	-	2,038,330	(4)
Total	\$ 43,808,396	\$ 41,905,607	\$ 1,122,168	\$ 38,040,754	\$ 2,742,685

**Financing Costs – Interest Paid through 12/31/2014: \$10,393,055**

**Revenue/Value Performance (as of 12/31/2014)**

	<b>Projected</b>	<b>Actual</b>
Property value	\$ 133,565,938	\$ 165,938,200
Incremental value	\$ 90,455,538	\$ 120,612,600
Incremental taxes	\$ 10,170,776	\$ 13,998,453

**Miscellaneous Revenue through 12/31/2014: \$4,408,980**

Is the project within budget?  Yes  No If no, explain:

Is the project on schedule?  Yes  No If no, explain:

Identify any significant concerns that might affect budget or schedule of this project in the future:

The continued demand for residential apartment developments in the Park East, east of the river, is happening at a rapid pace. In 2014 the North End III broke ground, the Avenir neared completion and plans for The Rhythm along North Water Street continued advance.

However, development west of the river has proven to be a challenge. To encourage development in the remaining Park East tracts, the City of Milwaukee, in collaboration with Milwaukee County and the Commercial Association of Realtors Wisconsin (CARW), joined forces in spring 2014 to launch a marketing campaign for blocks 1, 2, 4 & 7 with the goal of encouraging and promoting development. A Request for Proposal was received by Milwaukee County in late 2014, however all proposals are on hold until the location of the new entertainment venue is announced.