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July 23, 2026

Members of the Zoning, Neighborhoods
& Development Committee
City of Milwaukee
City Hall, Room 205
Milwaukee, WI 53202

RE: File 260434, TID 132 – Midtown Commons

Dear Committee Members:

File 260434 would approve the creation of Tax Incremental District (TID) 132, Midtown Commons (the "District"), along with a corresponding project plan and term sheet. The Comptroller's Office has reviewed the project plan, feasibility study, and term sheet and has had discussions with the Department of City Development ("DCD"). The Comptroller's Office analysis is based on the information provided.

The District is located on the northeast corner of West Hope Avenue and North 60th Street in the Capitol Heights neighborhood. This site overlaps existing TID No. 42 (Midtown Centre). The site is comprised of one parcel at 5825 West Hope Avenue, the former Walmart at Midtown Centre. This development will split the parking lot north of Hope Avenue off the existing parcel, to create the project site. This project will be co-developed by Gorman and Company, One 5 Olive, Wisconsin Preservation Fund, and Lutheran Social Services ("Developer"). The Developer is proposing the construction of two new four-story affordable multifamily residential buildings (the "Project"). This development will comprise of two phases that are expected to be completed in 2028. These two buildings will include 200 residential rental units in total. The development will consist of a mix of one-, two-, and three-bedroom units, with rents between 30% to 80% of Area Median Income ("AMI").

The total estimated costs for the Project are approximately $61,100,000 and this file authorizes up to $1,975,000 for each of the two phases, totaling to a $3,950,000 grant to the Developer to assist in funding a portion of these costs. The Developer will advance the $3,950,000. The District will make annual payments to the Developer equal to the incremental taxes collected in the District, less an annual administration charge of $7,500. The District's payments will terminate at the earlier of the repayment of $3,950,000 plus 5.85% interest (7.00% maximum, with a corresponding drop in the grant), or the payment derived from the 2044 levy payable in 2045 (year 19 of the District).

Is This Project Likely to Succeed?

As a Developer-financed TID, the Developer assumes the risk that the proposed District will generate sufficient incremental revenue to recapture their $3,950,000 investment with interest.

DCD's feasibility study, completed by Ehlers Public Finance Advisors, which uses a constant 2.238538% property tax rate and 1% property appreciation rate over the life of the TID, forecasts that the Developer will fully recover the $3,950,000 plus interest in 2045 after receipt of the 2044 levy. However, if the tax rate does not remain constant, the Developer may not recover the entire $3,950,000 plus interest. Nonetheless, because the Developer, not the City, assumes the repayment risk on their up to $3,950,000 contribution, the proposed TID is economically feasible to the City.

Sensitivity Analysis

There is inherent risk in every projection of future results. One common way to evaluate this risk is to provide sensitivity analysis, which forecasts the impact that different assumptions have on the projection. Below is a table calculated by the Comptroller's Office, which summarizes several scenarios to show the sensitivity of the projected incremental revenues within the District.

Sensitivity Analysis	
Percentage of Projected Revenue	District Payback Year
90%	2044
95%	2043
100% (Base Case)	2042
105%	2041
110%	2040

** 2045 is the final year of the monetary obligation. The Developer would not fully recover their investment, plus interest, in this scenario.*

It is important to note that the payback year relates to the expected year in which the Developer will recover their investment. Since the Project will be financed by the Developer, the City is not at risk of losing the $3,950,000.

Is the Proposed Level of City Financial Participation Required to Implement the Project?

This proposed TID allows the City to provide incentive to the Developer to redevelop the Property while minimizing the City's involvement and risk.

Conclusion

The proposed TID provides incentive for the Developer to construct two new four-story affordable multi-family housing buildings. This will improve affordable housing options in the Capitol Heights neighborhood for people across a range of incomes. The Developer will assume the financial risk and the Project should increase the City's tax base.

Should you have any questions regarding this letter, do not hesitate to contact Bolanle Ojum at extension 5839.

Sincerely,

Bill Christianson, CPFO
Comptroller

CC: Larry Kilmer, Charles Roedel

BC:BO