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July 6, 2026

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

RE: File 252193, TID 134 – Austin Commons

Dear Committee Members:

File 252193 would approve the creation of Tax Incremental District (TID) 134, Austin 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") and confirmed pro forma details with the Assessor's Office. The Comptroller's Office analysis is based on the information provided.

The District is located on a site southwest of East Lincoln Street and South Howell Avenue in the City's Bay View neighborhood. The site is comprised of three parcels at 2318, 2324, and 2332 South Austin Street. This project will be co-developed by Northernstar Companies, LLC and Commonwealth Development Corporation of America. The Project will be owned by Austin Commons, LLC for the purposes required in using low-income housing tax credits as a funding source ("Developer"). The Developer is proposing the removal of a parking lot and 3 vacant houses for the construction of a new five-story multi-family building, creating 100 residential units. This development would include a mix of 1, 2, and 3 bedroom apartments, offering 37 units at 80% Area Median Income ("AMI"), 40 units at 50% AMI, and 23 units at <30% AMI. Of these, 14 units are designated for supportive housing (the "Project").

The total estimated costs for the Project are nearly $33,400,000 and this file authorizes an up to $2,135,000 grant to the Developer to assist in funding a portion of these costs. The Developer will advance the $2,135,000. 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 $2,135,000 plus 5.91% interest (6.10% maximum, with a corresponding drop in the grant), or the payment derived from the 2045 levy payable in 2046 (year 20 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 $2,135,000 investment with interest.

DCD's feasibility study, completed by Ehlers Public Finance Advisors, which uses a constant 2.238538% property tax rate and 1% inflation rate over the life of the TID, forecasts that the Developer will fully recover the $2,135,000 plus interest in 2046 after receipt of the 2045 levy. However, if the tax rate does not remain constant, the Developer may not recover the entire $2,135,000 plus interest. Nonetheless, because the Developer, not the City, assumes the repayment risk on their up to $2,135,000 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%	2046*
95%	2046
100% (Base Case)	2045
105%	2043
110%	2042

** 2046 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 $2,135,000.

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 develop the Property while minimizing the City's involvement and risk.

Conclusion

The proposed TID provides incentive for the Developer to construct a new multi-family residential building that includes a mix of apartments, which will provide affordable housing options for families 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 Jesse Hagen at extension 5839.

Sincerely,

Bill Christianson

Bill Christianson, CPFO
Comptroller

CC: Larry Kilmer, Diana Kanter, Charles Roedel

BC:JH