



CITY OF WAUKESHA

Administration

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Committee: Common Council	Date: 2/18/2021
Item Number: PC20-1573	Date: 2/18/2021
Submitted By: Jennifer Andrews, Community Development Director	City Administrator Approval: Kevin Lahner, City Administrator
Finance Department Review: Bridget Souffrant, Finance Director	City Attorney's Office Review: Brian Running, City Attorney
Subject: Consideration and possible action on a Resolution Creating Tax Incremental District Number 30, approving its Project Plan and Establishing its Boundaries	

Details:

Tax Incremental Finance District (TID) Number 30 is a proposed Rehabilitation-Conservation District located across from Fire Station 1 on St. Paul Avenue, north of the Fox River. The district is being created to facilitate the construction of a 114-unit market rate multi-family apartment building by Mandel Group. Rehabilitation-Conservation districts require at least 50% of the real property in the district is in need of rehabilitation or conservation work. The three (3) properties that make up this district are long vacant properties that were once occupied by railroad uses and other commercial uses. Those structures and tracks were removed several years ago but the properties remain vacant and in need of rehabilitation work. The properties were originally part of the Townhomes at Mill Reserve Condominium property and were intended to be part of a later phase of that redevelopment. Due to lack of demand, those plans did not come to fruition and Ogden is proposing to sell the land to Mandel Group for this development.

It should be noted the proposed TID 30 boundaries overlap with the existing TID 11 boundaries. TID 11 was first created in 1996 to facilitate redevelopment in and around downtown, as well as fund some of the Riverwalk improvements. However, TID 11 is past its expenditure period, which is a new district is being proposed.

The project plan has expenditures of \$5,562,212 in developer incentives to make this project financially feasible. This would include \$2,000,000 in upfront funding, which would only be payable at the time of occupancy, and \$3,562,212 as pay-as-you-go (PAYGO) financing. This PAYGO would reimburse the developer as tax increment is generated from the project. This reimbursement would consist of the tax increment generated by the district, less 5% of the increment revenue and the City's debt service and administration expenses. If the developer is paid the \$3,562,212 prior to 2038, the City may choose to close the district at that time. Ehlers, the City's 3rd party financial consultant, has reviewed the proforma for this project and has confirmed the financial gap in the project. This analysis has shown that "but for" TIF assistance this project would not be constructed.

The Plan Commission reviewed and recommended Common Council approval of the Planned Unit Development amendment, site, architectural and landscaping plans for this development at the December 9, 2020 meeting. The Common Council approved those plans at their January 5, 2021 meeting. Additionally, the Plan Commission held a Public Hearing and approved a resolution for the creation of this district at the January 27, 2021 meeting.



A development agreement between the City and the Mandel Group will also be required prior to any financial assistance being paid to the developer. This will need to go through the Finance Committee and Common Council for approval.

Options & Alternatives:

- Approve the resolution and the creation of TID 30 will continue on to the Joint Review Board.
- Deny the resolution and the district would not move forward. This would also result in the development of the St. Paul Apartments not moving forward as well.

Financial Remarks: The City will be paid back through tax increment or PILOT payments made by the developer. It is expected the TIF would have a life of about 17 years, closing in 2038. During the life of the TID the City would continue to receive tax revenue on the original base value of the district. Once the district is closed the City will receive increased tax revenue based on the new value.

Staff Recommendation:

Staff recommends the Council adopt the proposed Resolution approving the boundaries and the project plan for Tax Incremental Finance District Number 30.