



**CITY OF WAUKESHA**

**Administration**

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<b>Committee:</b> Finance	<b>Date:</b> 4/27/2021
<b>Common Council Item Number:</b> CC 21-2117	<b>Date:</b> 5/4/2021
<b>Submitted By:</b> Jennifer Andrews, Community Development Director	<b>City Administrator Approval:</b> Kevin Lahner, City Administrator
<b>Finance Department Review:</b> Bridget Souffrant, Finance Director	<b>City Attorney's Office Review:</b> Brian Running, City Attorney
<b>Subject:</b> Review and approve a TIF Development Agreement with BridgeWalk Apartments, LLC (Mandel Group) for the financial assistance for the development of the properties (TID 30)	

**Details:**

On December 1, 2020 the Common Council approved a Term Sheet between the City and the Mandel Group for the development of a 114-unit apartment building on St. Paul Avenue, between the Mill Reserve Condominiums and the Waukesha State Bank parking lot (where the Waukesha Farmers Market is held). Since that Term Sheet approval the City has created Tax Incremental Finance District Number 30 to facilitate the development. TID 30 was approved by the Plan Commission on January 27, 2021, the Common Council on February 16, 2021, and the Joint Review Board on March 11, 2021.

Additionally, the Plan Commission and Common Council have approved the PUD Site and Architectural Plans for the development. The Development Agreement is the next step in moving this project forward and spells out the financial terms between the City and Developer for the TIF assistance.

The financial assistance is the same amount and structure as the Term Sheet. The total City contribution is \$5,562,212. An upfront cash grant of \$2,000,000 will be paid to BridgeWalk Apartments, LLC upon the issuance of a certificate of occupancy for the building. The remaining \$3,562,212 would be structured as pay-as-you-go (PAYGO). The City will reimburse the developer up to \$3,562,212 million dollars as tax increment is generated by the district. The City will be holding back administrative expenses and 10% of the increment. The district is projected to close in 17 years (2038) after which the taxing jurisdictions would receive tax revenue based on the new value of the district.

Once completed the development will have a taxable value of at least \$20,500,000 and the agreement requires that this minimum value is maintained throughout the life of the district and one year after the district closes. If the property does not meet the minimum taxable value, the Developer will owe the City a payment in-lieu of taxes (PILOT) to make up the difference. Additionally, the agreement has provisions for limiting internal rates of return on the project and reviewing/confirming construction costs. If costs are lower than projected or returns are higher than expected the amount of the incentive will be reduced accordingly.



Per the development agreement, the Developer will commence construction no later than December 31, 2021 and construction shall be completed no later than December 21, 2023.

**Options & Alternatives:**

1. Approve the Development Agreement
2. Deny the Development Agreement and the project would not move forward.

**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. During the life of the TID the City would continue to receive tax revenue on the 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 Common Council approve the Development Agreement with BridgeWalk Apartments, LLC as proposed.