



CITY OF WAUKESHA

Administration

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Committee: Finance	Date: 11/19/2019
Common Council Item Number: CC 19-1594	Date: 12/3/2019
Submitted By: Jeff Fortin, Senior Planner	City Administrator Approval: Kevin Lahner, City Administrator
Finance Department Review: Denise Vandebush, Acting Finance Director	City Attorney's Office Review: Brian Running, City Attorney
Subject: Review and approve a Development Agreement for the TIF assistance for the redevelopment of 2.3 acres of land located at the southwest and southeast corners of White Rock Avenue and E. Moreland Boulevard located in Tax Incremental District No. 24	

Details:
 Bear Development, LLC is proposing a redevelopment project on both sides of White Rock Avenue, south of E. Moreland Boulevard. The west side of the street is the former location of Fracaro's bowling alley which was destroyed by fire in 2017 as well as two existing single-family residences. The east side of the street includes vacant parcels and parking lots that were used for Fracaro's.

The project entails the construction of two multi-family buildings. There will be a 4-story, 52-unit building at the southwest corner of White Rock Avenue and E. Moreland Boulevard and a 2-story, 20-unit building on the southeast corner of White Rock Avenue and E. Moreland Boulevard. This project is affordable workforce housing with a mix of income levels renting the units.

In 2018 the City created Tax Incremental District (TID) Number 24, a Rehabilitation District, that includes the subject properties as well as other lands in the vicinity of White Rock Avenue between E. Main Street and E. Moreland Boulevard. The redevelopment of these parcels into a multi-family community was identified as a major project in the TID Project Plan.

The Finance Committee recommended approval of the term sheet for this project on October 29, 2019 and the Common Council approved it at the November 5, 2019 meeting. Based on those approvals, staff has drafted a Development Agreement which outlines the developer and City responsibilities. The City will provide a \$1,786,421 payment as tax increment is generated from the project (PAYGO). The City would pay our administration costs and retain 10% of the increment prior to providing the developer any payments from the increment. There are no upfront cash grants proposed for this project. The agreement outlines the terms and limits of the development incentive payments as well as requirement the development have a taxable assessed value of no less than \$5.6 million as of January 1, 2022 otherwise payments in lieu of taxes (PILOT) will be required.



Options & Alternatives:

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

Financial Remarks: Once the Development Agreement is approved the City would be paid back through tax increment or PILOT payments made by the developer. It is expected the TIF would have a life of about 22 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 for the Frame Park Commons Project.