



CITY OF WAUKESHA

Administration

201 Delafield Street, Waukesha, WI 53188
 Tel: 262.524.3701 fax: 262.524.3899
 www.ci.waukesha.wi.us

Committee: Finance	Date: 11/24/2020
Common Council Item Number: 20-1103	Date: 12/1/2020
Submitted By: Jennifer Andrews, Community Development Director	City Administrator Approval: Kevin Lahner, City Administrator KL
Finance Department Review: Bridget Souffrant, Finance Director BS	City Attorney's Office Review: Brian Running, City Attorney
Subject: Review and approve a term sheet outlining the potential TIF assistance for the development of 114 units of multi-family housing (St. Paul Apartments) on vacant land on St. Paul Avenue.	

Details:
 Mandel Group is proposing a residential development project located on vacant land on the south side of St. Paul Avenue. The property is in between the Mill Reserve Condominiums and the Waukesha State Bank parking lot (where the Farmer's Market is held). These properties are known as tax parcels WAKC 1305480, WAKC 1305481, and WAKC 1305482. The development is for a 4/5 story apartment development that will consist of 114 luxury apartments.

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 development. 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.

While this development is within the boundaries of TID 11, a new district will be created for this development should the term sheet be approved by the Common Council. TID 11 would continue to receive any increment from this property that has occurred from its base year through 2021. The new TID would have a creation year of 2021 and any new increment on this property from that creation until the TID is closed would go to paying off obligations for the new TID (TID 30). The proposed new district will be a rehabilitation/conservation district.

The developer is requesting a City contribution of \$5,562,212. 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.

Approval of the term sheet does not create any legally binding financial obligations for this project, it merely sets forth economic terms that the City and Developer might be willing to enter into for the redevelopment of this property.



If approved by the Common Council, staff will begin the process of starting the TID creation process. If the creation is successful, a development agreement between the City and Developers would follow.

Options & Alternatives:

1. Approve the term sheet, which would allow staff to start the process of creating the development agreement.
2. Deny the term sheet and the project would not move forward.

Financial Remarks: The assistance is contingent on the execution of a Development Agreement between the City and Developer. successful creation of a new TIF district. Once the district is successfully created 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 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 Finance Committee approve the term sheet between the City and Mandel Group.