



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: 10/29/2019
Common Council Item Number: CC 19-1397	Date: 11/5/2019
Submitted By: Jeff Fortin, Senior Planner	City Administrator Approval: Kevin Lahner, City Administrator
Finance Department Review: Rich Abbott, Finance Director	City Attorney's Office Review: Brian Running, City Attorney
Subject: Review and approve a term sheet outlining the potential 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. The conceptual plan is included in the Term Sheet.

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 project in the TID Project Plan.

The developers are requesting the use of Tax Incremental Financing (TIF) to make the redevelopment project financially feasible due to the removal of buildings and parking lots, environmental cleanup, and utility work. City staff has worked with Ehlers & Associates to review the developers' proforma to verify there is a financial gap in the project. Due to the extraordinary costs related to site preparation, the developer is requesting an 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.

The draft term sheet is attached. 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 for the redevelopment of this property. If approved by the Common Council, staff will begin the process of creating a detailed development agreement between the City and Developers.



Options & Alternatives:

1. Approve the term sheet, which would allow staff to start the process of drafting the Development Agreement outlining the financial terms of the assistance.
2. Deny the term sheet and the project would not move forward.

Financial Remarks: Once the Development Agreement district 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 term sheet.