

MEMORANDUM

TO: Board of Estimates
FR: Joe Gromacki, TIF Coordinator
DATE: January 12, 2015

SUBJECT: 2014 Quarterly TIF Report to BOE

Per TIF Policy 3.3(1), TIF Staff must provide the Board of Estimates with a quarterly update on current and pending projects during closed session, or more often on an as needed basis. The following report is for your consideration for the period ending December 31, 2014:

1. New TIF Projects

Anchor Bank

Urban Land Interests (ULI) proposes the \$98M renovation of the Anchor Bank building at 25 West Main Street and construction of an underground parking ramp and approximately 100 units of market rate housing. ULI requested \$27M lease revenue bond to finance the underground parking ramp.

Status: Staff analysis concluded that a \$13.3M conventional TIF loan, representing 71% of TIF, was the preferred financing option. Because the finding exceeded the 55% Gateway in TIF Policy, staff reported its findings to the Board of Estimates. BOE directed staff to proceed with negotiations for a \$13.3M conventional TIF loan. A TIF Loan funding authorization resolution was introduced on December 2, 2014.

316 W. Washington Avenue (AT&T Building)

In December, staff received a TIF Application from Hovde Development requesting \$2.4M of TIF assistance to renovate the AT&T Building that Hovde purchased in December.

Status: Staff is currently conducting gap analysis.

TID 27 Land Purchase

CDA plans the purchase a multi-family property at 2230 W. Broadway, using \$500,000 of accrued excess tax increment in TID #27. CDA intends to lease the land to a proposed affordable housing project that includes 24 units of affordable housing. The project is contingent upon the developer receiving WHEDA financing approvals.

Status: CDA staff is currently negotiating purchase.

2. Ongoing TIF Projects

The Galaxie

The City disbursed the \$4,417,000 TIF loan in escrow for the Gebhardt Galaxie project in TID 36 (Capitol Gateway). The TIF Loan was authorized by the Common Council in April, 2014.

Status: The project is under construction.

Arbor Gate Development/Head Start

In April, 2014, the Common Council authorized a \$150,000 TIF loan to Arbor Gate Development, LLC to renovate the building at 2821 Todd Drive, located in TID 35 (West Beltline) to house the continued operation of the Head Start childcare program to low- and moderate-income and disadvantaged households.

Status: The City disbursed the \$150,000 TIF Loan to Arbor Gate Development, LLC on September 4, 2014.

Dempsey Place Apartments

In November 2013, the Common Council authorized a \$400,000 TIF loan to Pinney Lane Apartments, LLC to assist in the development of a 70-unit income restricted housing project on the former Royster-Clark site in the 400 Block of Cottage Grove Road. In April, 2014 the Wisconsin Housing and Economic Development Authority awarded low-income housing tax credits to the project. Staff is currently working on the development agreement with the developer.

Status: The project was delayed due to unforeseen site preparation issues. Staff anticipates that the TIF Loan to Dempsey Place will be disbursed in January, 2015.

722 Williamson

Baldwin Group proposed a mixed use project at 722 Williamson Street comprised of 209 apartments and 5,750 SF of commercial space and 271 structured parking stalls constructed on property that is currently used as surface parking among adjacent property owners, Rifken and Martens. Baldwin Group requests \$5.9M of TIF assistance to construct the structured parking—139 of the parking stalls will be constructed to replace the adjacent owners' lost surface stalls. Developer's estimate of value is \$36M. As proposed, the TIF request is 96% of the TIF. A key parcel of the project is not located within the TID 36 boundary requiring a boundary and plan amendment to TID 36.

Status: Staff concluded that the gap was approximately \$3M (about 47% of TIF) to compensate for 139 parking stalls. Developer has declined to proceed.

Union Corners

The Common Council extended the deadline of the Purchase and Sale Agreement (PSA) between the City and Gorman and Co. in July, the amended agreement expiring in March, 2015. Gorman has obtained land use approvals for a six-phase development. In December, Gorman submitted a TIF Application requesting that the City contribute its \$6M of land cost to the project, to be repaid by tax increments generated by the project.

Status: Staff is conducting gap analysis.

3. TID Administration

2013 TID Certifications

TIDs 43 (Park-Drake) and TID 44 (Royster-Clark), created in 2013, were certified by the Wisconsin Department of Revenue in 2014.

2015 Pending TID Closures

Staff anticipates TID #33 (Monroe Commons) may close in 2015 as it has recovered its cost.

2014 Annual Summary Report

TIF Policy now requires that Council be provided an Annual Summary Report comprised of the TID financial statements and list of TIF Loans for the previous year.

Status: As the 2014 TIF Audit will be completed by about June of 2015, the 2014 Annual Summary Report is anticipated to be provided to the Board of Estimates in September 2015 during the 2015 Capital Budget process.

TID 40

TID 40 (Northside) has not generated positive tax increment since its creation in 2008, impacted heavily by the Great Recession. As such, expenditures cannot be made nor existing cost recovered. The TID has an outstanding balance of about \$400,000 in unrecovered TID cost.

Status: Department of Revenue 2014 figures indicated that TID #40 achieved about 2% value growth but is still about 10% undervalued. At that rate, the district is not likely to stabilize. Remedial options include a one-time donation of excess increment from TID #41 (University-Whitney) to close TID #40.

TID 35-38 Donor Plan

TID 38 has not generated positive increment since its creation in 2008, while incurring approximately \$5 million of project cost.

Status: The Common Council authorized a donor-recipient plan between active TID 35 (West Beltline) and TID 38 (Badger-Ann-Park) to recover approximately \$2.5 million of the \$5 million of expenditure incurred by TID 38. The Joint Review Board approved the donor recipient plan for TID 35 and 38 on July 23.

TID 32 Half Mile Rule Approval—TID 32 is seeking Joint Review Board approval of a Half-Mile Rule boundary to engage in potential undergrounding of utilities along E. Johnson Street. Anticipate final Joint Review Board in February, 2015.

Status: Staff anticipates final Joint Review Board consideration in February, 2015.