

**TID 48 - Park East Corridor Redevelopment  
Periodic Report  
12/31/08**

**District Created: 2002**

**Authorized expenditure (excluding interest): \$21,213,097**

**Authorizing resolution(s): File #011182, #041514, #071392**

**Maximum legal life: 2029**

**Base property value: \$27,727,300**

**Completion status: Flatiron project completed. North End and Aloft Hotel projects under construction.**

**Project description**

TID 48 encompasses the corridor of the former Park East Freeway, generally bounded by Juneau Ave. on the south, N. 8<sup>th</sup> Street on the west, N. Jefferson Street, N. Milwaukee Street, and N. Broadway Street on the east, and W. McKinley Street on the north.

Initially, the district funded capital costs of \$3.9 million for improvements and reconstruction of numerous street segments in the district. These improvements were made in coordination with the demolition of the freeway structure that previously ended at N. Jefferson Street. The freeway has been rebuilt to end at N. 6<sup>th</sup> Street and reconnect with the city street grid at that location.

The demolition of the freeway freed up approximately 25 acres of underutilized land for future development. It is expected that \$780 million of new office, commercial and residential construction will take place on these sites over the next five to ten years. The Redevelopment Authority approved the Redevelopment Plan in 2003 with Common Council approval attained in 2004.

An amendment to the TID plan, increasing costs to \$19.9 million, was approved by the Council in May of 2005. Also in 2005, the sale of a site at 1550 N. Water Street was approved to Flatiron, LLC. Recently completed, the Flatiron development includes 33 residential units and a small amount of ground floor retail space along Water Street. In addition, two sites were optioned to RSC, Inc. of Chicago, which proposed to develop a mix of residential and commercial projects.

In the latter part of 2006, Milwaukee County also optioned the block encompassed by Juneau Avenue, McKinley Avenue., N. 3<sup>rd</sup> Street and N. 4<sup>th</sup> Street to Mequon-based developer Rob Ruvin, who proposed a mixed-use development that would include a hotel, residential, and a small retail component.

In December 2006, the Common Council approved a Development Agreement for the North End Riverwalk and Public Infrastructure Project, in conjunction with the North End Development on the site of the former US Leather tannery, located at 1531 North Water Street. The North End Development broke ground in March 2008. Phase 1 of the development includes 88 apartments, 13,000 s.f. of retail space and a parking structure. The Development Agreement also earmarked \$500,000 for job training associated with the North End project.

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In winter of 2007, the County closed on the eastern-most block previously optioned to RSC and Associates. However, development on this block has been delayed due to current economic conditions. Also in 2007, the sales center for the Moderne condominium project, at the southeast corner of Juneau and Third Street was granted permits and opened.

In April 2008, a file was approved to allocate an additional \$1,250,202 for the city-share costs of a riverwalk, dockwell and related public infrastructure built in conjunction with the Aloft Hotel, with ground floor retail, located at 202 W. Juneau Avenue. Site preparation work began fall 2008. Also, as part of this funding increase, up to, but not in excess of \$278,160, will be used for the purchase of private property owned by M&I for the purpose of establishing right-of-way for the extension of Ogden and Market Streets as outlined in the Project Plan. Also in 2008, the second block optioned to RSC expired.

District incremental values have increased as follows:

Year	Incremental Value	Increase
2008	\$ 25,383,100	69%
2007	\$ 14,987,400	32%
2006	\$ 11,324,900	109%
2005	\$ 5,416,100	134%
2004	\$ 2,313,100	438%
2003	\$ 430,100	

**Expenditures - Life to Date (as of 12/31/08)**

	Project Plan Budget	Appropriations	Encumbrances	Expenditures	Remaining
Administration	\$ 764,000	\$ 1,902,591	\$ 7,425	\$ 1,895,166	\$ -
Public Improvements	20,449,096	19,310,455	1,147,289	16,762,034	1,401,132
Capitalized Interest	2,121,310	1,132,597	-	1,132,597	-
Total	\$ 23,334,406	\$ 22,345,643	\$ 1,154,714	\$ 19,789,797	\$ 1,401,132

**Revenue/Value Performance (as of 12/31/2008)**

	Projected*	Actual
Property value	\$ 69,568,158	\$ 70,708,700
Incremental value	\$ 32,949,386	\$ 25,383,100
Incremental taxes	\$ 1,747,796	\$ 1,398,779

\*Data from November 29, 2006 feasibility study, exhibit 6.

Is the project within budget?  Yes  No If no, explain:

Is the project on schedule?  Yes  No If no, explain:

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Identify any significant concerns that might affect budget or schedule of this project in the future:

With the current economic conditions slowing the absorption rate for all land uses, most of the proposed full block developments have been and will continue to request subsidy from government agencies to make the project financially feasible. In addition, developers are finding it more difficult to obtain financing with tighter credit markets and more restrictive lending requirements challenging the forward progress of projects.