

**CITY OF RACINE, WISCONSIN**

**REDEVELOPMENT AUTHORITY RESOLUTION 16-10**

**WHEREAS**, through a grant from the United States Environmental Protection Agency (US EPA), the City of Racine established a \$1,000,000 Brownfield Cleanup Revolving Loan Fund (BC-RLF) (Common Council Res. 10-2162) with supplemental funding in the amount of \$500,000 received in May 2016; and

**WHEREAS**, City staff presents a Development Agreement to provide financial assistance through the BC-RLF for review and recommendation to the Common Council between Herman & Kittle Properties, Inc.; Lutheran Social Services of Wisconsin and Upper Michigan, Inc.; and the City of Racine.

**WHEREAS**, the development agreement is for financial assistance in the form of a BC-RLF loan to the developer for the purposes of conducting environmental response activities at approximately 3.07 acres at 1520 and 1536 Clark Street for a multi-family residential development. The subject property is currently a large industrial building that requires environmental clean-up and incentives to facilitate an historic, adaptive reuse of the property. The City views this development as a catalyst development within the Uptown Neighborhood Business Improvement District. Evaluation of the project financials show that this project cannot support additional direct debt to cover the extraordinary \$1.3 brownfield cleanup costs associated with this project.

**WHEREAS**, the redevelopment will result in new 65 rental units targeted to low and moderate income veteran households, and nine market rate units; there is a veteran's preference for rental tenants, but non-veterans may also be tenants in the building; The total investment proposed by the developer is over \$18 Million; The total resulting real property tax and personal property tax assessment from this investment is estimated to be \$2.8 Million for the properties; and The proposed investments will increase the taxable value by a factor of 587%.

**WHEREAS**, the development has been reviewed and recommended for approval, with certain exceptions for vehicular parking and buffering, by the Racine Downtown Design Committee, and the City of Racine Plan Commission;

**WHEREAS**, the City of Racine has engaged in negotiations for a development agreement to provide certain BC-RLF funding, conditioned on meeting certain performance and property tax requirements;

**WHEREAS**, the \$580,000 BC-RLF loan is proposed to be repaid at 1% interest starting 2022 by Tax Increment Finance District Number 19. The payback period is 10 years.

**WHEREAS**, City staff also recommends considering an optional \$75,000 of financial assistance through the BC-RLF, for a total of \$655,000 to reimburse a subgrant fund for the development through the TIF District increment.

**WHEREAS**, based upon staff's underwriting analysis of the project, The Developer's proposal meets City standards of project feasibility and long term sustainability. Legal staff, RCEDC staff, and City Development staff have both reviewed the proposed Development Agreement and the BC-RLF Loan proposal and believe that these incentives protects the City from any financial liability, yet facilitates a catalytic investment in the Uptown Neighborhood.

**BE IT THEREFORE RESOLVED**, that a Development Agreement between the City of Racine; the Redevelopment Authority of the City of Racine; Herman and Kittle Properties, Inc; 1520 Clark Street L.P. ; and Wisconsin Social Services of Wisconsin and Upper Michigan, Inc. be approved;

**BE IT FURTHER RESOLVED** that the Mayor, City Clerk, and Director of City Development be authorized to execute the agreement providing up to \$655,000 in financial assistance (including an optional \$75,000 of financial assistance to reimburse a subgrant fund) for the property at 1520 and 1536 Clark Street through the Brownfield Cleanup Revolving Loan Fund (BC-RLF).

Fiscal Note: Funds were set aside within the Racine EPA BC-RLF this fiscal year in anticipation of a development called the "Veterans' Development" within the Uptown Neighborhood.

*Adopted on:*

June 6, 2016

*Seal*

*By a Vote of*

For: 6

Against: 0

Abstain: 0

*Attest:*

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Amy Connolly, Executive Director  
Redevelopment Authority of the City of Racine