

Thomas Harrigan

From: Ted E <ted.eull@gmail.com>
Sent: Tuesday, November 30, 2021 1:51 PM
To: Village Trustee George Haas; Village President Neil Palmer
Cc: Monica L. Hughes; Thomas Harrigan; Village Trustee John Domaszek; Village Trustee Katy Cornell; Village Trustee Thomas Michalski; Village Trustee Kristina Sayas; Village Trustee Patrick Kressin; David De Angelis
Subject: Mandel TIF Request - comparable
Attachments: echelon-mandel-term-sheet-Attachment-2457.pdf; Echelon-mandel-finance-budget-powerpoint-Attachment-1795.pdf; echelon-PUD-Attachment-1518.pdf

Trustees, Finance Committee and Plan Committee,

Regarding Mandel's request for \$11mm TIF financing for the SSND project, I urge you not to pay an overinflated amount to subsidize their development of this prime lot.

It is difficult to justify the reasonableness of this amount, given that:

- (a) We do not have a competitive bid for similar development on the same property; and
- (b) Information on TIF amounts for other, comparable developments in is difficult to find

There is one development that's highly comparable & very recently developed, by the same developer, with many parallels to the current project: The Echelon apartments in Wauwatosa, recently developed by Mandel. The similarities include: requirement to preserve historic building(s), requirement to clear old structures, and requirement to add infrastructure, along with development of new apartment buildings. (There are differences of course - they preserved one building (as offices) and used the footprints of 2 others to create walled gardens. But the Eschweiler buildings were derelict, while the buildings to be preserved in the SSND development are occupied and in relatively good condition.)

One key difference is the amount of requested TIF funding: \$2.5mm vs \$11mm. Please find attached the presentation from the financial analysis provided to the Wauwatosa finance committee, and the Term Sheet for the TIF.

Interestingly the financial analysis on the Echelon/Eschweiler project showed a more complete financial picture as the financial summary included land acquisition cost and all construction (not just components related to the TIF request). The costs totaled \$42mm (shown below).

Echelon Costs (from TIF Term Sheet)

Uses	Amount
Land Acquisition	\$4,000,000
Construction Costs	\$32,294,112
Development Costs	\$1,683,200
Marketing & Property Start-up	\$330,000
Financing	\$1,435,187
Reserves	\$250,000
Development Contingency	\$250,000
Developer Overhead and Fee	\$2,118,026
Total Project Costs	\$42,360,526

I cannot find a total project estimated cost in the Concord presentation, as they appear to have only studied the components directly related (by Mandel) to the TIF request. The total costs Concord found were \$16.8mm. It would be helpful to your analysis and the community if we could see a full breakdown including land acquisition and all construction costs.

The construction costs for this SSND project will be higher (inflation, higher labor/materials costs, larger) and land acquisition is also likely higher, but this may also be offset by 240 apartments vs only 192 in the developed project (if that number of units is ultimately approved).

While there are differences, it seems very unlikely that this project justifies 4x the amount of public financing that was required to build the Echelon project. All of the justification and analysis seems based on the developer's need to make a target profit (which includes a land purchase price and contract our Village is not a party to), and simply assessing if their costs are greater than the requested TIF amount. That is NOT the standard our public servants, watching our finances, must be held to.

I urge you to analyze what amount is truly necessary and justified - including by analysis of multiple comparable TIF grants in SE WI - and use your position to protect taxpayer finances. Approving a TIF grant that is more than 3x or 4x the amount recently granted for a highly comparable development would be financial mismanagement. A larger TID with funds used for infrastructure would be different, but money simply granted upfront (or in tax abatement) to offset developer costs must be limited to what is strictly necessary.

Please share this message with the membership of the applicable committees. *Also, this message is not an endorsement of any approval of the plan as presently configured, but a criticism of the requested TIF amount specifically.*

Best Regards,

Ted Eull

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