

O2019-1050 TIF Funds for Congress Theater
Mayor Rahm Emanuel

Finance

Intro Date: January 23, 2019

Headline: Redevelopment Agreement with New Congress, LLC and Arthur 7159, LLC for the redevelopment of the Congress Theater.

Background: The last reported fund balance from the Fullerton/Milwaukee TIF was \$14.7 million and is anticipated to receive approximately \$7.1 million annually in property tax revenue. The project is located in the 1st ward.

Summary: This ordinance allocates up to \$8.85 million in TIF funds from the Fullerton/Milwaukee TIF for Phase 1 of this project. The funding will be used towards the redevelopment of the Congress Theater, with the work including construction of a 4,900 seat music venue, restaurants and retail space, a 30 room boutique hotel, and 14 affordable rental units that may be converted to hotel space upon completion of Phase II. Total project costs of Phase I are anticipated to be approximately \$69.2 million, with \$4.6 million provided through the issuance of notes backed by future TIF revenues and \$4.25 million provided by cash received from the TIF on an annual basis. Other sources being utilized for the project include monetization of historic tax credits worth \$7 million, \$4 million from the Anschutz Entertainment Group, and \$8.6 million of existing equity from the developer. The developer is also receiving \$11.3 million in PACE financing, will receive a \$2.2 million bridge loan from the TIF, and approximately \$30 million in additional financing. Work on Phase I is expected to begin on April 1, 2019, with a completion date scheduled by December 31, 2020. Initial payments will be provided to the developer upon receipt by the Department of Planning and Development of the Phase I certificate. Those payments would include the amount from the issuance of the note, and \$1.75 million from the TIF. On the first anniversary of receipt of the certificate, the city will provide an additional \$1.5 million, and on the second anniversary will provide the remaining \$1 million.

The ordinance also allocates \$800,000 in TIF resources for Phase II of the project, which is the development of residential units by Arthur 7159, LLC. This portion of the project is anticipated being funded with notes financed with anticipated TIF resources in the amount of \$800,000. The project will include 72 residential units, of which approximately 21 will be affordable units. Total project costs for Phase II are anticipated to be \$25 million, with the other sources of funding still to be determined.

Immediate Fiscal Impact: \$1.75 million of TIF funds.

Long-Term Fiscal Impact: \$2.5 million in TIF distributions and financing of the \$5.4 million of notes with future TIF resources.

Additional Considerations: