

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: August 6, 2019

TO: Supervisor Theo Lipscomb, Chair, County Board of Supervisors

FROM: Aaron Hertzberg, Director, DAS Economic Development

SUBJECT: From the Director of Economic Development – Department of Administrative Services providing an informational report on the status of the planned Couture development at the site of the former Milwaukee County Downtown Transit Center

REQUEST

This report is for informational purposes, there is no request at this time.

REPORT

The owner and developer of the Couture site, Barrett Lo Visionary Development (BVD), has provided notice that they are not prepared to begin construction at this time. They continue to seek investment for the project and recently allowed a deadline to apply for a federal loan guarantee to expire. Mr. Rick Barrett, Founder of BVD, plans to attend the Economic and Community Development Committee meeting on September 9, 2019 to provide additional details and discuss on going plans.

BVD acquired the former Downtown Transit Center from Milwaukee County via an Option approved by Milwaukee County (File 14-827). The Option was exercised by the developer and the land transferred in 2016. As part of the development agreement, a contingency of sale, the developer was required to demolish the Downtown Transit Center and to construct the building with a ground floor transit facility to house a station for the City of Milwaukee's Streetcar and Milwaukee County's Bus-Rapid Transit (BRT) line.

The FTA had made prior investment in the Downtown Transit Center. The remaining value of the FTA's investment, \$6.7 million is to be offset by construction of the transit amenities in the Couture building. The FTA set a timeline of December 31, 2020 for completion of the transit facilities.

In late 2018, BVD received preliminary approval from the United States Department of Housing and Urban Development (HUD) for a loan guarantee from the FHA 221(d)(4) program. The pre-approval required a follow up application to HUD once all project funding was secured. After two extensions of the application timeline, BVD allowed the timeline to lapse on July 26, 2019 without submitting the required follow up application.

BVD continues to seek investment in the project and has hired Baird to help secure the necessary funds. BVD also noted that once funding is secured it intends to re-apply for HUD support via a Direct-to-Firm program.

Milwaukee County staff has worked to verify information from the developer and has reviewed market data suggesting demand remains for the proposed product. Staff will continue to work

closely with the developer over the next several months as investment is sought for the project and timelines are refined. The Department of Administration and Department of Transportation are working in collaboration with the City of Milwaukee to ensure information is shared about the project and in communication with the FTA. The County and City are in discussions with the FTA regarding the status of the project and whether an extension of the timeline to deliver transit amenities on site is appropriate.

Project Overview

The project consists of a \$120 million, 44-story mixed-use development planned at 909 E. Michigan Street. 312 apartments are planned with additional retail space. The first floor of the building includes amenities for the downtown Streetcar and County's planned BRT line. The transit related components offset Federal Transit Administration (FTA) investment in the County's Downtown Transit Center that previously was at the location. Additional project details are available via the County Board files referenced below.

Previous Legislation

File 11-401 –approval of lakefront plan and beginning of redevelopment

File 12-633 –approval of Barrett Visionary Development and the Couture negotiations

File 13-152 –approval of legal representation and title work

File 14-827 –approval of Option to Purchase with Barrett Visionary Development

File 17-158 –approval of a recommendation to receive and place on file an informational report

File 17-432 –approval of a recommendation to receive and place on file an informational report

File 18-312 –discussed an informational report with no action taken

File 18-562 –discussed an informational report with no action taken

File 18-776 –discussed an informational report with no action taken

RECOMMENDATION

This report is for informational purposes, there is no request at this time.

Submitted by:

Aaron Hertzberg
Economic Development Director

cc: Chris Abele, County Executive
Teig Whaley-Smith, Director, Department of Administrative Services
Economic and Community Development Committee Members
Donna Brown-Martin, Director, Department of Transportation
Christine Westrich, Director, Office of Emergency Management
Raisa Koltun, Chief of Staff, Office of the County Executive
Kelly Bablitch, Chief of Staff, County Board of Supervisors
Scott Manske, Comptroller
Steve Cady, Research & Policy Director

August 5, 2019

County Executive Chris Abele
Milwaukee County Courthouse
901 N. 9th Street Room 306
Milwaukee WI 53233

Re: The Couture

Dear County Executive:

As you know, Barrett | Lo is deeply committed to advancing The Couture on Milwaukee's lakefront, and with it, bringing a signature new building to Milwaukee's skyline, thousands of new jobs, millions of dollars in new tax based to support key City and County services and a transit hub serving Milwaukee County's bus system, including the planned BRT.

Recently, we engaged Milwaukee-based investment bank Baird to assist us in securing the final piece of financing for The Couture. We have had positive conversations with Baird, as well as with potential investors. We look forward to working with them to advance this transformational project for Milwaukee's lakefront.

As part of that process, we voluntarily let the HUD application extension expire. Once we complete the capital stack, we will resubmit through HUD's Direct-to-Firm Program, which provides for a shortened review timeframe.

We are confident that this approach will be successful, enabling us to move forward with this catalytic public-private partnership.

We are working closely with your administration and the City of Milwaukee as they work to secure an extension from the Federal Transportation Administration (FTA) regarding the funds that would otherwise be due from Milwaukee County to the FTA and regarding the planned streetcar stop.

I look forward to appearing before the County's Economic and Community Development Committee on September 9.

Sincerely,

Rick Barrett
Barrett | Lo

