

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: September 21, 2020

TO: Supervisor Marcelia Nicholson, 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), reported that they have secured private equity investment for the project and submitted a Direct-to-Firm application for a loan guarantee from the United State Department of Housing and Urban Development (HUD). If the application is approved, the developer will have sufficient resources to construct the building.

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.

In late 2018, BVD received preliminary approval from 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 HUD application timeline, BVD allowed the timeline to lapse on July 26, 2019, as private equity had not been secured.

In 2019, BVD hired local financial services firm, Baird, to assist in securing private equity. Private equity investment is now report by BVD to have been secured, increasing the likelihood of the project being approved by HUD and advancing as originally design.

Milwaukee County staff has continued to work with the City of Milwaukee to verify information from the developer and advance the project. Staff is currently working to finalize terms of the dedicated transit space within the building to ensure the space operates as need for the County and fulfills obligations to the United State Department of Transportation Federal Transit Administration (FTA).

The FTA had made prior investment in the Downtown Transit Center. The remaining value of the FTA’s investment, \$6,705,068 million is to be offset by construction of the transit amenities in the Couture building and a 40-year lease for continued transit function on site. The FTA

originally set a timeline of December 31, 2020 for completion of the transit facilities. With continued project delays, Milwaukee County and the City of Milwaukee have been in regular communication with the FTA. Staff believe we are nearing concurrence of a timeline extension that aligns with an updated construction schedule and delivery of transit amenities in 2022.

Project Overview

The project consists of a \$180 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

File 19-661 –discussed an informational report with no action taken

File 20-475 –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: David Crowley, County Executive
Julie Landry, Director, Department of Administrative Services
Economic and Community Development Committee Members
Donna Brown-Martin, Director, Department of Transportation
MaryJo Meyers, 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