

# HARBOR DISTRICT MILWAUKEE OPPORTUNITY ZONE OVERVIEW

## CAPITALIZING ON MOMENTUM



*prepared by*  
Harbor District, Inc.

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# OPPORTUNITY ZONE TAX INCENTIVES

The 2017 Tax Cuts and Jobs Act established new internal revenue code section 1400Z - Opportunity Zones.

This legislation is designed to encourage and incentivize investors to redeploy and invest capital into low-income communities.

“Opportunity Funds” managed by professionals are currently being formed for the purpose of investing directly into low-income communities designated as Opportunity Zones. Individuals may also form, fund, and self-manage an Opportunity Fund via a straightforward “self-certification” process.

For more information on Opportunity Zones and Funds visit the links below.

<https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions.aspx>

<https://www.cdfifund.gov/pages/opportunity-zones>

# OPPORTUNITY ZONE TAX INCENTIVES

The 2017 Tax Cuts and Jobs Act established new internal revenue code section 1400Z - Opportunity Zones.

The Opportunity Zones program offers three tax incentives for investing in low-income communities through a qualified Opportunity Fund.



## Temporary Deferral

A temporary deferral of inclusion in taxable income for capital gains reinvested into an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is disposed of or December 31, 2026.



## Step-Up In Basis

A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis is increased by 10% if the investment in the Opportunity Fund is held by the taxpayer for at least 5 years and by an additional 5% if held for at least 7 years, thereby excluding up to 15% of the original gain from taxation.



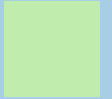
## Permanent Exclusion

A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.

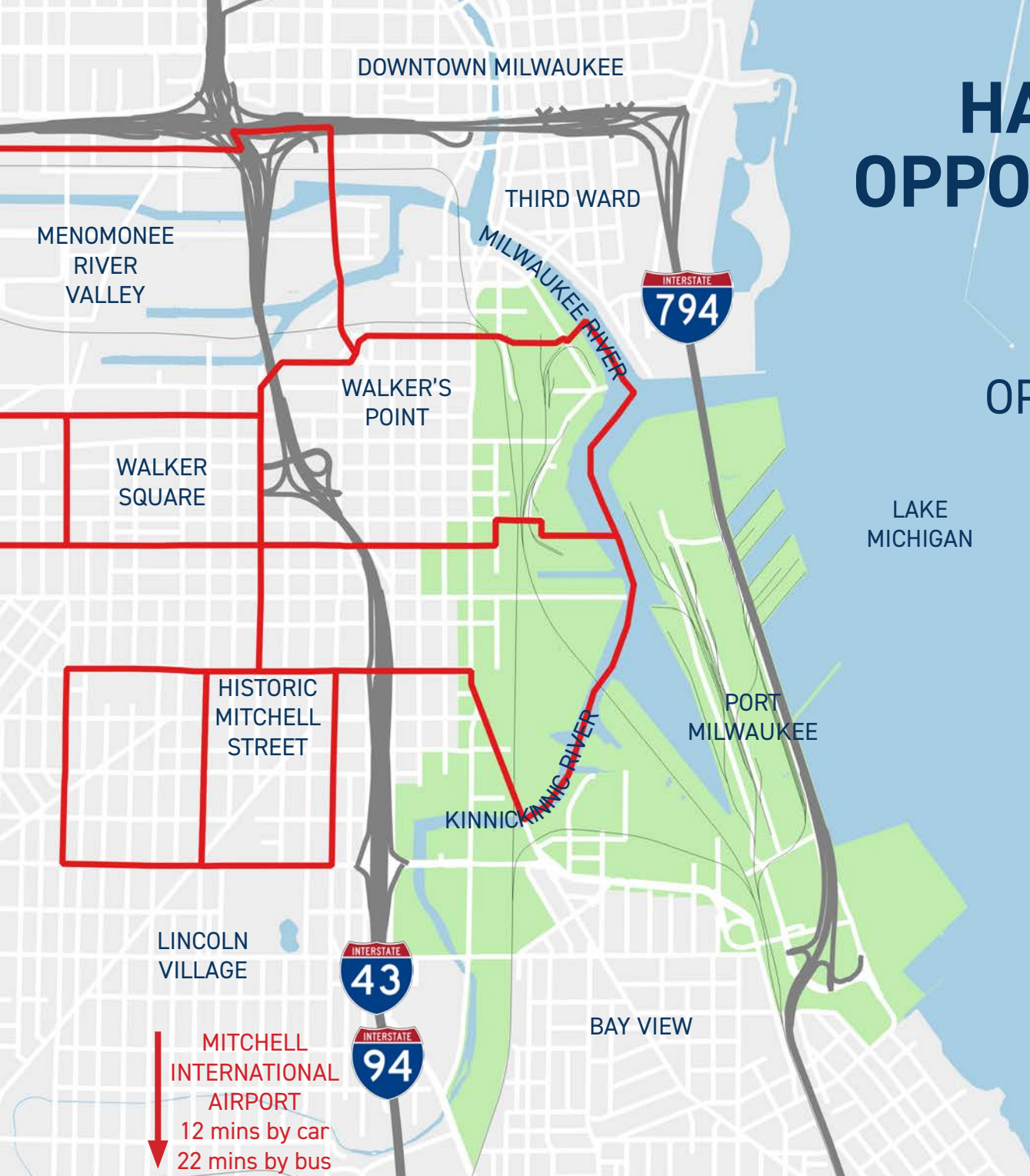


# HARBOR DISTRICT OPPORTUNITY ZONES

HARBOR DISTRICT

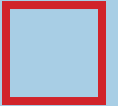


OPPORTUNITY ZONES



# DATA & TRENDS

CENSUS TRACTS  
(with identifying numbers)

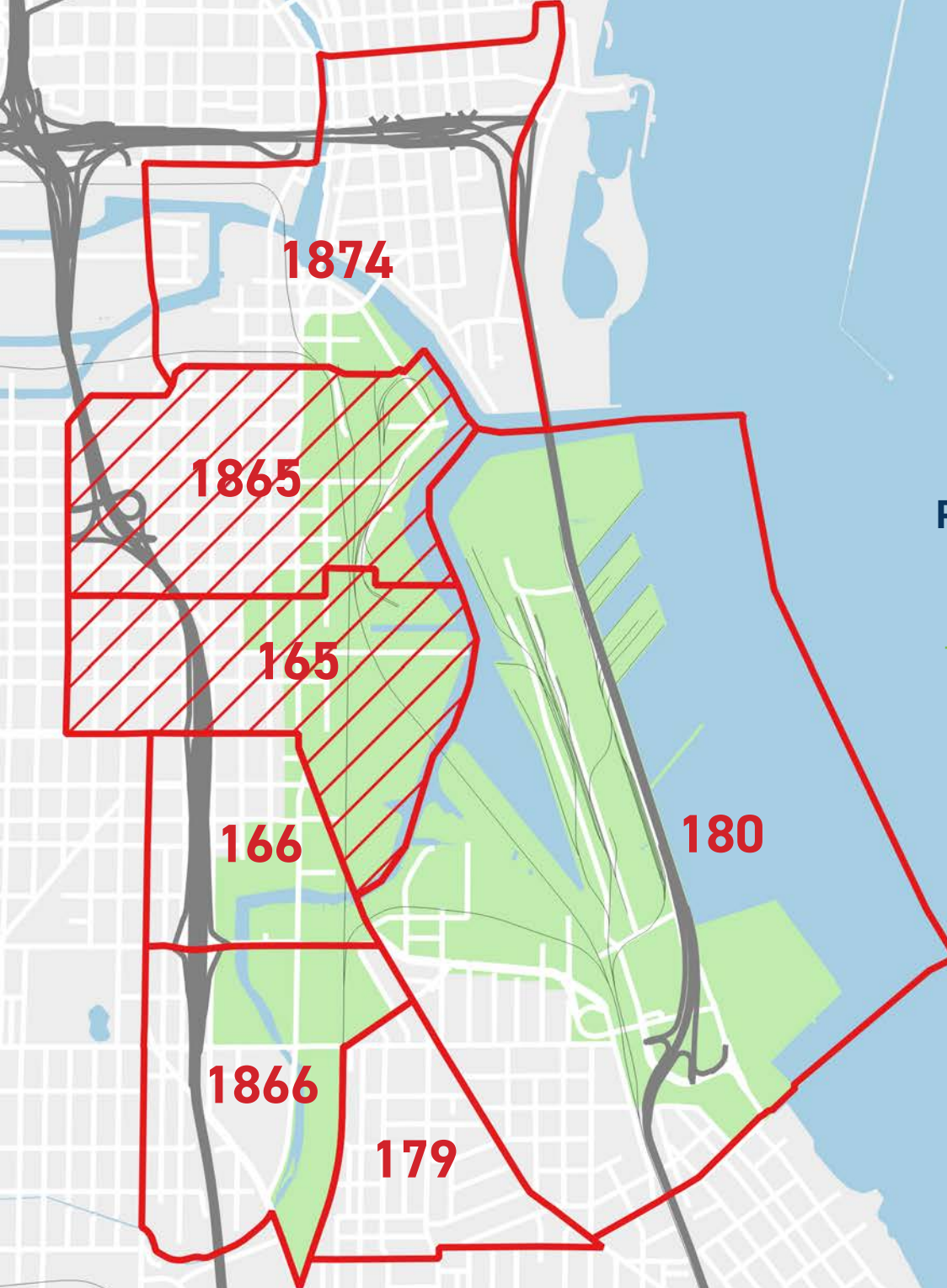


OPPORTUNITY ZONES



## PERCENT CHANGE BETWEEN 2010 AND 2016

CENSUS TRACT	POPULATION	MEDIAN HOUSEHOLD INCOME	% w/ BACHELOR DEGREE
1874	<b>+30.46%</b>	+10.8%	+21%
1865	+11.7%	-11.97%	+15%
165	-19.52%	+1.72%	<b>+68%</b>
166	-12.93%	-12.93%	<b>+34%</b>
1866	+1.07%	<b>+24.88%</b>	+9%
180	+2.62%	+2.62%	<b>+44%</b>
179	+1.37%	<b>+18.71%</b>	<b>+55%</b>





# RECENT AND PROPOSED INVESTMENT



## UWM SCHOOL OF FRESHWATER SCIENCES

**STATUS:** Completed

**TOTAL INVESTMENT AMOUNT:** \$53 million

**USE:** Public Academic Institution

The \$53 million, 92,000 square foot academic research building opened in 2014 and features labs, offices, and flexible learning spaces. This investment by the State of Wisconsin was an expansion to the 120,000 square foot existing building on the site that brings students, faculty, visiting researchers, and many partners and guests to the Harbor District.



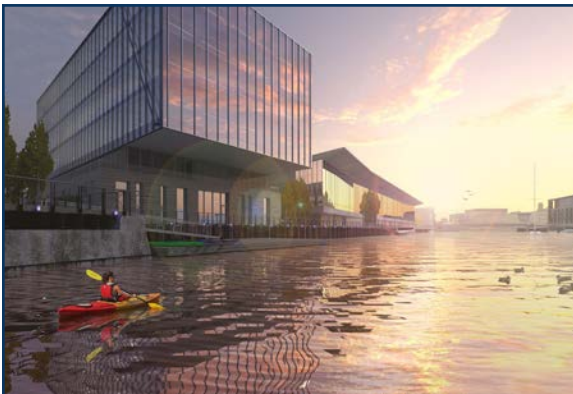
## FRESHWATER PLAZA

**STATUS:** Phase I Completed, Phase II Scheduled for 2019

**TOTAL INVESTMENT AMOUNT:** \$46 million in Phase I

**USE:** Mixed use with apartments, retail, and a grocery store

Phase I was completed in 2017 and includes 76 apartments, 16,900 square feet of retail, and a 46,000 square foot grocery store (the area's first!). Phase II is planned for 2019 and will include additional apartments and retail.



## MANDEL GROUP RIVERFRONT DEVELOPMENT

**STATUS:** Proposed

**TOTAL INVESTMENT AMOUNT:** \$130 million

**USE:** Mixed use with commercial office, hotel, residential, parking structure and public Riverwalk

Mandel Group, one of Milwaukee's largest and most successful developers, has acquired a number of properties along the Riverfront on the north end of the Harbor District. There plans are to create a mixed-use neighborhood with a heavy focus on commercial office space oriented towards a public Riverwalk.

# RECENT AND PROPOSED INVESTMENT



## MICHELS R1VER DEVELOPMENT

**STATUS:** Phase I Under Construction

**TOTAL INVESTMENT AMOUNT:** \$100 million

**USE:** Mixed use with commercial office, apartments, hotel, retail, and public Riverwalk

Phase I of this project broke ground at the end of 2018 and will begin with an 8 story office building housing Michels employees. When totally built-out, the entire campus will include 220,000 sq ft of office space, 67 units of multi-family housing, 19,000 sq ft of retail, a 103-room hotel, nearly 1,000 underground parking spaces, and a public Riverwalk.



## KOMATSU MINING DEVELOPMENT

**STATUS:** Proposed

**TOTAL INVESTMENT AMOUNT:** \$285 million

**USE:** Mixed use with manufacturing, commercial office, museum, training center, and Riverwalk

Komatsu Mining is proposing to develop the largest urban manufacturing investment in the United States in recent memory. The development includes a 410,000 sq ft manufacturing facility, 170,000 sq ft of office, 20,000 sq ft of museum and training space, and the largest single section of public Riverwalk in Milwaukee. 1,000 employees are expected at the site.



## HARBOR VIEW PLAZA & RIVERWALK

**STATUS:** Harbor View Plaza is Under Construction, Riverwalk is Proposed

**TOTAL INVESTMENT AMOUNT:** \$1.5 million for Harbor View Plaza, \$15 million for Riverwalk

**USE:** Public Space

Harbor View Plaza is the Harbor District's first waterfront park, located at the east end of Greenfield Avenue next to the UWM School of Freshwater Sciences. As part of the Komatsu development (above) the City of Milwaukee approved \$15 million to construct a public Riverwalk along 3/4 of a mile next to the Komatsu site and connecting to Harbor View Plaza.



# RECENT REAL ESTATE & BUSINESS EXPANSION INVESTMENTS

Real Estate & Business Investments  
in the Harbor District since 2012

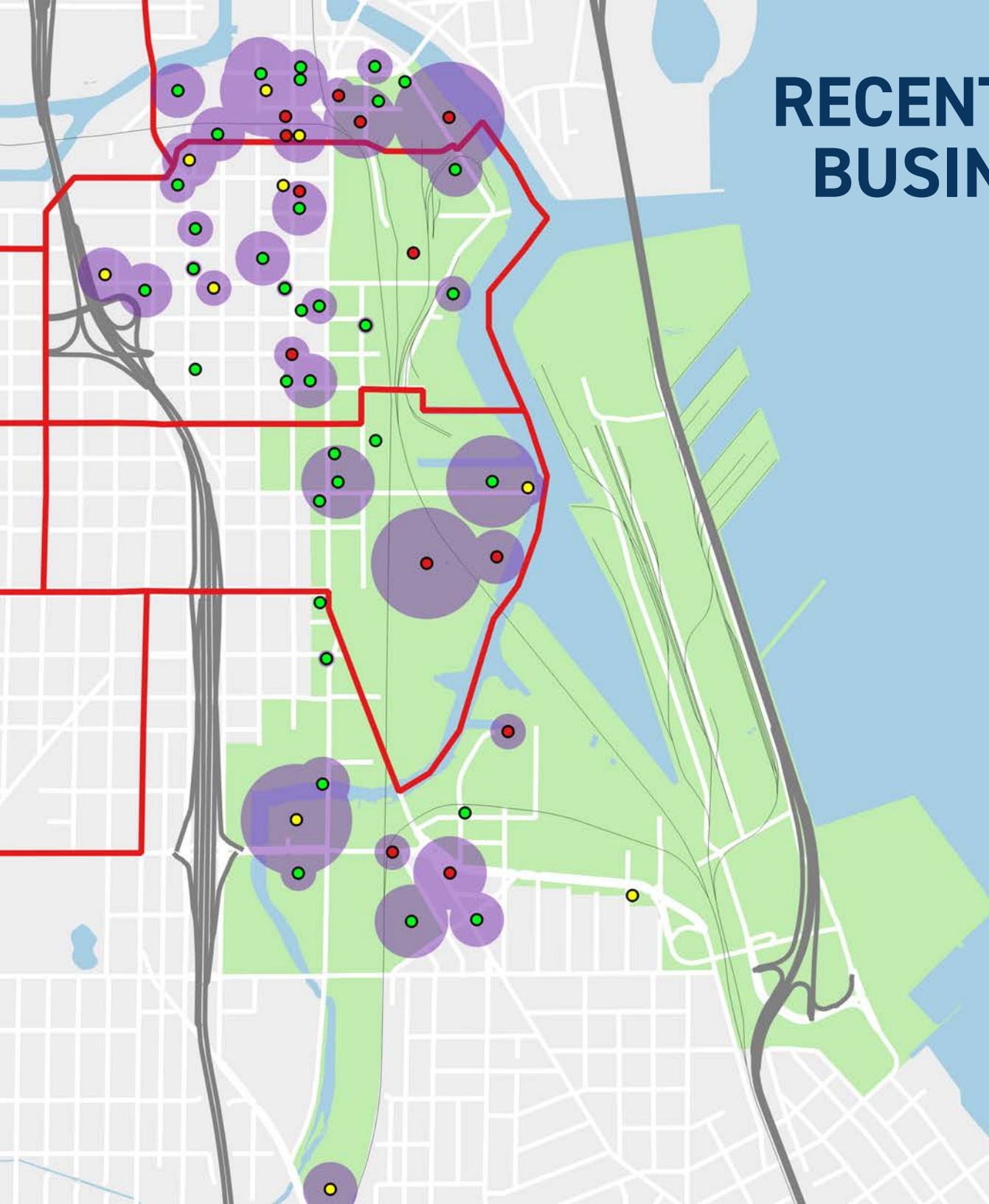
Project Status

- Completed
- Under Construction
- Proposed

Amount Invested

- Less Than \$1 million  
(or amount unknown)
- \$1 to \$5 million
- \$5 to \$20 million
- \$20 to \$50 million
- \$50 to \$100 million
- More Than \$100 million

□ Opportunity Zones





# NORTH HARBOR DISTRICT OPPORTUNITY ZONE





# SOUTH HARBOR DISTRICT OPPORTUNITY ZONE





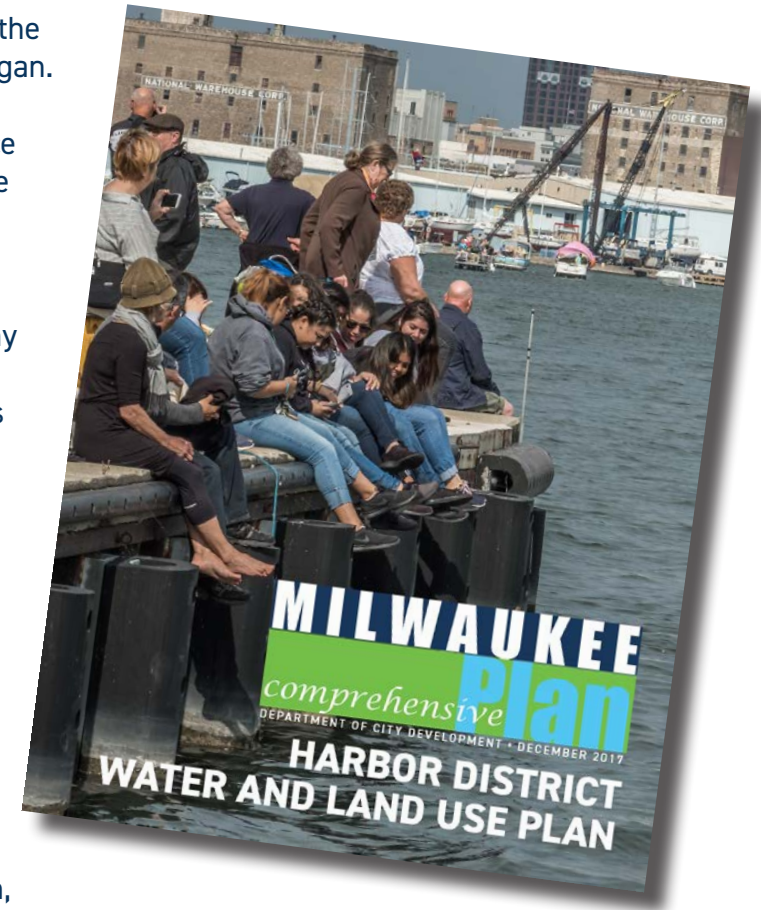
# THE HARBOR DISTRICT WATER AND LAND USE PLAN

The Harbor District includes 9 miles of waterfront and almost 1,000 acres of land where the Milwaukee, Menomonee, and Kinnickinnic Rivers come together and flow into Lake Michigan. The District is home to Port Milwaukee, the UWM School of Freshwater Sciences, and a number of active businesses - but also faces many challenges. Properties that were once used for industry and shipping are now vacant and contaminated. There is only one place where the public can access the waterfront. Rail lines, waterways, and dead-end streets make it difficult to travel to and through the area.

The Harbor District Water and Land Use Plan (WaLUP) was developed to turn these many challenges into opportunities to reimagine Milwaukee's working waterfront for the 21st century. The plan proposes creating a number of new park and public spaces to address the lack of green space on the Near South Side and connect nearby residents to the water. Recommendations for stormwater management are aimed at improving water quality. Habitat projects in the plan will improve ecological function in the District's waterways and allow fish to pass safely between our rivers and lakes. A mix of land use recommendations will provide a variety of new job opportunities and spaces for affordable housing for existing and nearby residents. Find out more about the Harbor District's plan at [www.harbordistrict.org/plan](http://www.harbordistrict.org/plan).

## MAJOR RECOMMENDATIONS

- **New public waterfront access via a public Riverwalk and waterfront parks**  
**STATUS:** Riverwalk Zoning Overlay Approved, Harbor View Plaza Under Construction, and 1,000 Feet of Riverwalk Under Construction and 4,000 Feet of Riverwalk Proposed.
- **Redevelopment of former Solvay Coke & Gas Co. site, the largest brownfield in the City of Milwaukee**  
**STATUS:** Proposed \$285 million development by Komatsu Mining Co. to build a new corporate campus with 410,000 sq ft of manufacturing, 170,000 sq ft of office, and 20,000 sq ft of museum/training center.
- **Restoration of last remaining wetland in the District along with surrounding industrial redevelopment**  
**STATUS:** \$3 million grant secured to reconstruct wetland and prepare adjacent properties for future industrial development.



# THE INVESTMENT OPPORTUNITY

With a new plan guiding development and investment in the area (the Harbor District Water and Land Use Plan) and over \$500 million in proposed developments announced in 2018 alone, to say that there is momentum in the Harbor District is . . . somewhat of an understatement. Milwaukee's industrial waterfront and nearby neighborhoods have been transforming and redefining themselves in recent years, with development activity coming to a crescendo in recent months.

This gritty neighborhood remains home to many of the industrial employers and marine businesses that developed the area's character during Milwaukee's industrial heyday. However, as Milwaukee continues to grow and transform, so to does the Harbor District. In addition to the legacy industries of the area, the Harbor District has business clusters in the following industries.

## WATER TECHNOLOGY

The Harbor District is home to the UWM School of Freshwater Sciences, a new \$53-million research facility. Just a few blocks away is the Global Water Center, an industry hub and incubator. These two anchors give the area a head start in recruiting and supporting water-related industries.



## FOOD AND BEVERAGE

The Harbor District has long been a magnet for new businesses of all stripes, but food and beverage businesses in particular; larger, more established food processors have also found room to grow, and the area now boasts a wide array of distilleries, breweries, bakeries, produce processing, sausage makers, and others.



## POWER, CONTROLS, AND PRECISION MANUFACTURING

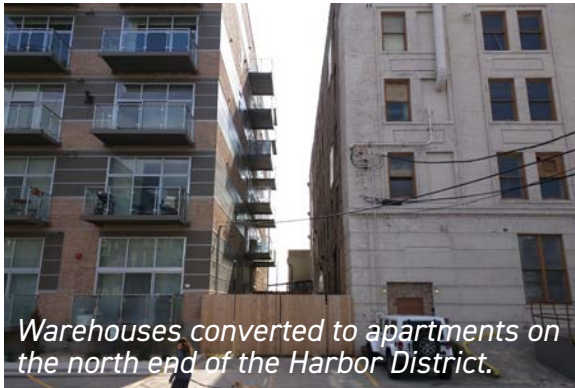
Industries that have been leaders in Milwaukee for decades are still present in the Harbor District, including Rockwell Automation.





# THE INVESTMENT OPPORTUNITY (continued)

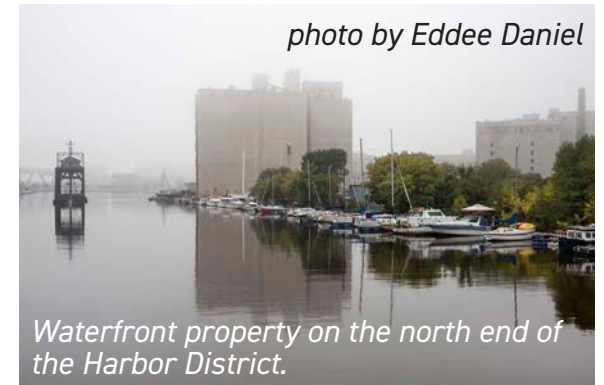
Alongside our many industrial anchors the Harbor District and nearby Walker's Point have attracted a number of businesses in recent years that you may not typically associate with an industrial part of the city. In just the past five years five architecture and design firms, six breweries and taprooms, countless restaurants, and the area's first grocery store have moved to or opened up in the Harbor District and Walker's Point. Following these employers and retail establishments are hundreds of new apartments, with more planned for the near future.



*Warehouses converted to apartments on the north end of the Harbor District.*

As new development and investment comes to the neighborhood, Harbor District is looking to build on its gritty past and character with an eye towards green, sustainable development and industry. The area is home to both the University of Wisconsin-Milwaukee School of Freshwater Sciences (UWM SFS), the only graduate program dedicated to freshwater sciences in North America, and the Global Water Center, an industry hub and incubator. These two institutions put the Harbor District at the forefront of freshwater research and technology in the US and globally. Harbor District, Inc., a nonprofit founded in 2015 to lead redevelopment efforts in the area, has been working with public and private sector partners to bring land and aquatic habitat improvements to the District, incorporate green infrastructure to address stormwater concerns, and advocate for sustainable design in new developments across the District.

With so much activity in the last few years and several very large projects announced recently, you may be wondering where there is space for added investment and development. While the largest vacant parcels in the District are mostly undergoing redevelopment, considerable infill opportunities and businesses looking for investment exist. Specific opportunities are below.



*photo by Eddee Daniel*

*Waterfront property on the north end of the Harbor District.*

- **Barclay Street Maker Corridor**

This four block stretch of Barclay Street is filled with older industrial buildings and businesses. The Harbor District Water and Land Use Plan calls for this area to serve as a light industrial and “maker” corridor focusing live/work and work/sell arrangements.

- **First Street Properties**

South First Street serves as the western gateway to the Harbor District and has a variety of vacant or under-utilized properties. The corridor is home to a wide variety of businesses ranging from restaurants to retail to housing to industrial.

- **South Water Street Riverfront Properties**

South Water Street follows the Milwaukee River on the north end of the Harbor District. New development has already come to the north end of the street with recent redevelopment of warehouses and a proposed \$130 million mixed-use development.



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