



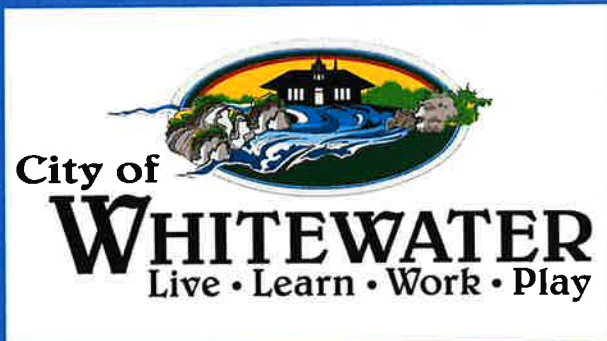
Process of TIF in City of Whitewater

Economic Development Director Zeinert
Redevelopment Resources, Kristen Fisch-Peterson



Developer Approaches the Office of Economic Development

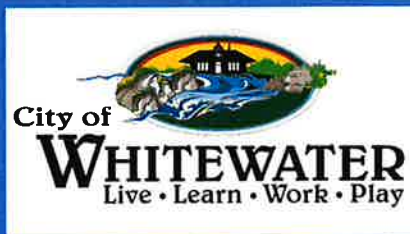
Economic Development Staff meet with Developer to Learn More about his/her vision



The developer is required to present a site plan and proforma, outlining costs and investment from them.



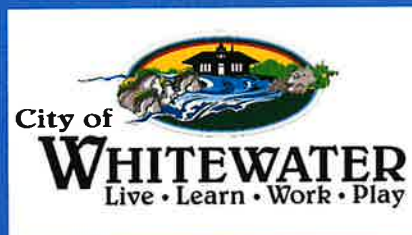
It is the developer's responsibility to show there is a gap if they are requesting financial support from the City.





If the developer is requesting financial incentives, they need to prove their need, that there is indeed a gap, and that the project will not happen without an incentive.

Staff Calculates if the gap can be filled with a TIF incentive and checks to see that the project will support the incentive over its allowable lifetime. This is also known as the “But For” test. But for the incentive, the project would not occur.



Staff also calculates if it's a reasonable request by calculating a payback period, and a percent of the total project.

We try to keep it at a reasonable amount (5%-20%, more if warranted).



Single Project Projection Worksheet

TID 14

Walworth County

Type of District	Mixed Use				Base Value									
District Creation Date	8/3/2021				Appreciation Factor		0.50%		Sale Price for 3 units year 1		825,000			
Valuation Date	Jan 1, 2021				Base Tax Rate		\$ 18.20		Sale price for 12 units year 2		3,300,000			
Max life (Years)	20				Rate Adjustment Factor (3 years)		-1.00%		Sale price for 12 units year 3		3,300,000			
Expenditure Period/Termination	15 8/3/2036				Tax Exempt Discount Rate		3.00%		Sale price for 11 units year 4		3,025,000			
Revenue Period/Final year	20 2042				Taxable Discount Rate		4.00%							
Extension Eligibility/Years	Yes 3													
Eligible Recipient District	No												No	

Construction year	Assessed Increment Value Added	Valuation Year	Inflation Increment	Total Increment	Revenue / Budget Year	Tax Rate	Requested Project Support	Tax Increment	Annual Cash Flow	Cumulative Cash Flow	Tax Exempt NPV Calculation	Taxable NPV Calculation
1	2021	2022	-	-	2023	\$ 18.20	-	-	-	-	-	-
2	2022	2023	-	-	2024	\$ 18.02	-	-	-	-	-	-
3	2023	2024	-	-	2025	\$ 17.84	-	-	-	-	-	-
4	2024	825,000	2025	-	825,000	2026	\$ 17.66	(138,700)	14,572	(124,128)	(124,128)	(103,955) (98,100)
5	2025	3,300,000	2026	4,125	4,129,125	2027	\$ 17.66	(95,600)	72,935	(22,665)	(146,793)	(122,384) (115,324)
6	2026	3,300,000	2027	20,646	7,449,771	2028	\$ 17.66	(86,700)	131,589	44,889	(101,905)	(86,949) (82,524)
7	2027	3,025,000	2028	37,249	10,512,019	2029	\$ 17.66	(55,000)	185,678	130,678	28,774	13,205 9,289
8	2028		2029	52,560	10,564,580	2030	\$ 17.66		186,607	186,607	215,381	152,058 135,354
9	2029		2030	52,823	10,617,402	2031	\$ 17.66		187,540	187,540	402,920	287,541 257,176
10	2030		2031	53,087	10,670,489	2032	\$ 17.66		188,477	188,477	591,398	419,735 374,898
11	2031		2032	53,352	10,723,842	2033	\$ 17.66		189,420	189,420	780,818	548,721 488,659
12	2032		2033	53,619	10,777,461	2034	\$ 17.66		190,367	190,367	971,185	674,576 598,591
13	2033		2034	53,887	10,831,348	2035	\$ 17.66		191,319	191,319	1,162,504	797,376 704,824
14	2034		2035	54,157	10,885,505	2036	\$ 17.66		192,275	192,275	1,354,779	917,196 807,481
15	2035		2036	54,428	10,939,933	2037	\$ 17.66		193,237	193,237	1,548,016	1,034,108 906,684
16	2036		2037	54,700	10,994,632	2038	\$ 17.66		194,203	194,203	1,742,219	1,148,181 1,002,548
17	2037		2038	54,973	11,049,606	2039	\$ 17.66		195,174	195,174	1,937,393	1,259,486 1,095,186
18	2038		2039	55,248	11,104,854	2040	\$ 17.66		196,150	196,150	2,133,543	1,368,090 1,184,706
19	2039		2040	55,524	11,160,378	2041	\$ 17.66		197,131	197,131	2,330,673	1,474,057 1,271,213
20	2040		2041	55,802	11,216,180	2042	\$ 17.66		198,116	198,116	2,528,789	1,577,453 1,354,810
		10,450,000		766,180				2,904,789	2,528,789			

Request Assumptions

Meadowview Court Development would generate over \$10 million in assessed value assuming an assessed value of \$290,000 per home for 38 units.

Mixed Use TID, with 20-year projection, originally created in 2021.

Total request is approx. \$376,000. Assuming \$97,000 for the street, \$8,900 each for 10 buildings, and \$5,000 per unit as constructed.

Conclusions

Value of incentives would be paid back in year five of tax collection

Homes will sell between high \$200,00s and low \$300,000s so assessed values could

TID 11
Prospect Drive, LLC

Project Description	Development of eight 16-unit market rate multifamily buildings
Location	Morraine View Parkway and Jakes Way, parcel WPB 00044
Size	10.175 acres
Number of Buildings	8
Timeline	Fall 2024-Fall 2025
Request	\$ 5,007,245 Development Incentive
Construction Costs	Total construction costs estimated at \$31,962,178
But For	This project would not be financially feasible for the developer without the TIF incentive and contribution of land. Cash flow from rents on projects like this are not enough to support the debt. Therefore without the contribution of the incentive, this project would not occur in this location at this time.

Sources/Uses

Uses/Sources	Total	Owner	Bank	City/TIF
Land	\$ 500,000	\$ 500,000		\$ -
Hard Costs	\$ 28,206,176	\$ 1,200,442	\$ 21,912,607	\$ 5,093,127
Soft Costs	\$ 3,256,002	\$ 3,256,002	\$ -	
Totals	\$ 31,962,178	\$ 4,956,444	\$ 21,912,607	\$ 5,093,127

Guarantee	Developer will guarantee an assessed value of \$24,600,000
Clawback	Developer will commence construction by October 1, 2024 and complete construction by November 30 2025. Incentive payments will not begin until the first payment of property taxes by the developer. Should the development fall short of the minimum assessed value once constructed, the developer will pay a payment in lieu of taxes (PILOT) for the difference.

Walworth County

Construction Cost, Unit One	31,962,178
Construction Cost, Unit Two	-
Construction Cost, Unit Three	-
Assessment as % of Construction cost	80%
Land Value Contributed	
Land included in IRR?	No

Project should cash flow from the beginning. NPV is positive in year 1.

Economic Development Staff works with CDA Attorney to draft Developer's Agreement and TIF Agreement



TIF Worksheet and Developer Agreement is presented to the CDA for approval

