



VANDEWALLE & ASSOCIATES

TIF OPTIMIZATION PLAYBOOK

A unique approach to optimize and manage
your new or existing TIF District

www.vandewalle.com



What is Tax Incremental Financing (TIF)?

A TIF District (TID) is the most powerful tool for economic development in the municipal toolkit!

Municipalities divert future property tax revenue increases from a defined area or district toward economic development and public improvement projects in the community.

TIF assistance is given to project participants but is not appropriated directly from a city's budget.

The municipality and other taxing jurisdictions incur "losses" through foregone tax revenue for *a specific time only*.

TIF MYTHS

MYTH 1: “If you build it, they will come”

- **17%** of Wisconsin TIDs are underperforming or in a ‘negative increment’ state
- Creating a TIF district does not automatically drive growth
- A TID is not a plan – it is a means to **execute** an economic development plan

MYTH 2: “Having a TID brings the community impact we want”

- To be successful, a TID must become the financing vehicle **of a broader plan** to drive growth, improve a community and bring sustainable tax revenues.
- **18%** of Wisconsin municipalities can’t create new TIDs – so using the ones they have effectively is critical



TIF: Public purpose/benefit

Economic development project or public improvement project examples:

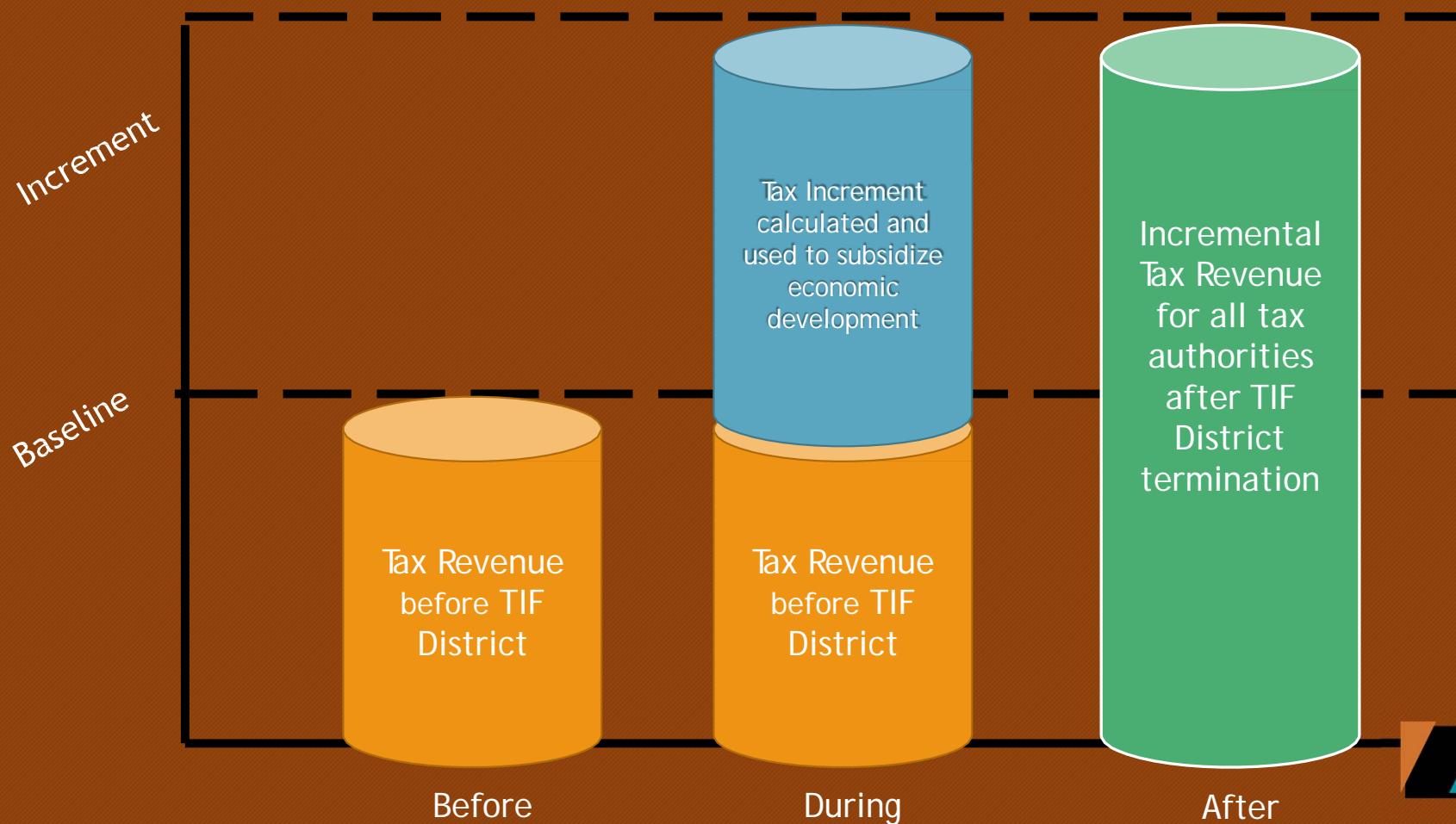
- Eliminate blight
- Diversify tax base
- Create jobs
- Remove social hazards
- Environmental clean-up
- Improve transportation/utility services
- Spur new investments

Primary types of TID

Specific rules and limits apply to each

- **Industrial Growth TID** - At least 50% of land must be zoned for industrial use; land zoned industrial at time of TID creation must remain so for life of TID.
- **Mixed use Development TID** - Often used to create new jobs and attainable housing with industrial and residential developments.
- **Blighted TID** - Used when at least 50% of TID property is blighted.

How TIF and Taxes Work Together



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What is the general TID process?

Create Future Vision

Create plan that serves community goals for growth and improvement in the area

Establish Baseline

Determine current value from focus geographic area and presence of blight if applicable

Finalize "Increment"

Tax revenue based on *improved* area (the "increment") and expenses

TIF Management

Pursue developers and investors who can bring future vision to life



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CASE STUDIES

Municipalities using V&A for *partial or full* TIF engagements

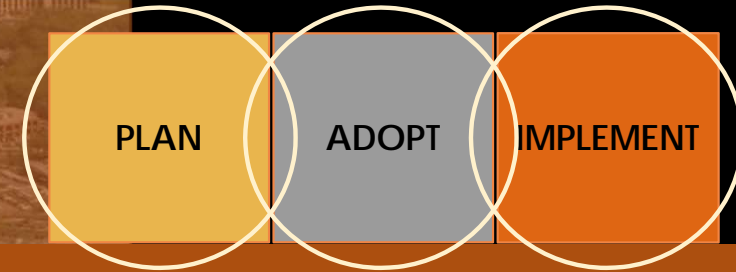


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MOST SUCCESSFUL TID IN WISCONSIN

MIDDLETON, WI



Situation Analysis: Over our ongoing 30-year relationship, V&A has served as the redevelopment planning, design, and economic restructuring consultant for the City.

Details: This TID District has been a model in downtown reinvestment, greenfield development, and proactive community planning for 3 decades. V&A created and has regularly updated the TID project plan that has revitalized the downtown and established an entire West Side employment and retail center – maximizing tax base and positive impact on the school district and City services. The TID spending plan addresses environmental, recreational, and stormwater concerns as well promoting affordable housing, sustainability, energy conservation, environmental preservation, job creation, and livability.

V&A developed the plan, created the TID and has actively implemented the it through a city staff team approach, driving its long-term impact and success for the community.

Results:

- **\$920 million:** Development value (over 45X the average TID value in Wisconsin!)
- **Over 8000:** # of jobs brought to Middleton
- **\$65 million:** Public improvements paid by the TID for roadway, stormwater management, bike/ped infrastructure, and public utilities

Summary: V&A provides ongoing project management of the TID including such services as amendments, subtractions, overlays, new districts, and donations between districts.

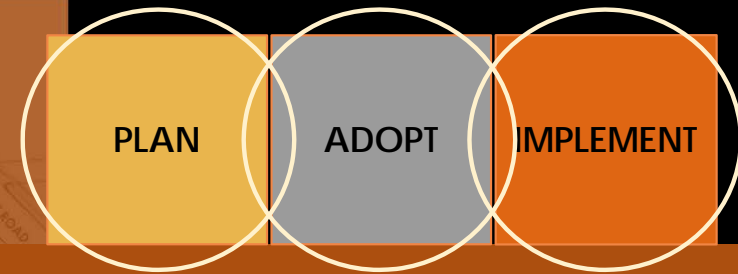
Money Magazine
named Middleton the best
small town in America.



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REDEVELOPMENT OF A BLIGHTED RIVERFRONT *MONONA, WI*



Situation Analysis: V&A helped the community turn a long-struggling and blighted 8-acre underperforming area into a dynamic community destination.

Details: Monona's redevelopment project in the Yahara River includes residential units, restaurant, office and retail spaces, plus a hotel – adding jobs and significant economic impact. The project, known as "The Current," flanks the new riverfront city park (also designed by us), which offers an ice rink, fire pit, stage, kayak/canoe launch, and 23 power boat slips while connecting to the highly popular Madison area lake loop bike trail.

V&A played a key role in developing and executing a bold vision for this remarkable project.

Results:

- **\$65 million:** Estimated total construction cost
- **400% increase:** In assessed value
- **\$14 million Phase 1:** 100 residential units, 25,000 SF commercial space with anchor restaurant, office and retail spaces
- **Phase 2 & 3:** 92-room hotel, 150 residential units and public improvements to area roads and park

Summary: Monona's formerly blighted area now boasts riverfront living and dining for hundreds of residents and patrons, the addition of new job-creating businesses, new public access to the river, and an improved tax base for a land-locked community.

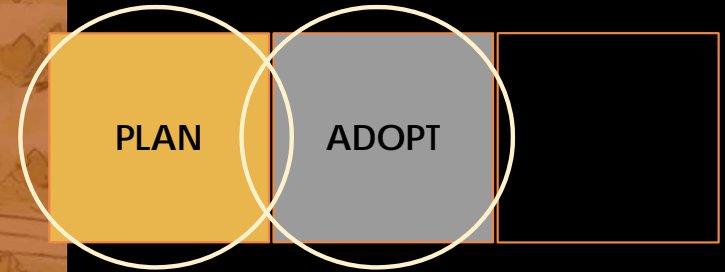
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PLANNING FOR A USEFUL AND BEAUTIFUL LAKEFRONT

OAK CREEK, WI



Situation Analysis:

Oak Creek lies between Lake Michigan the I-94 corridor, 12 miles from downtown Milwaukee. V&A helped the City create TID #13 and prepare a vision for a dynamic public waterfront and private development, including establishing optimum boundaries and identifying the right balance of land uses to eliminate blight and maximize the TID's financial success.

Details:

Historically heavily industrial, these uses left environmental complexities requiring years of investigation and cleanup. V&A conducted a conditions analysis and qualified the area as a Blighted TID, creating a district with 27 years of life to help the City stimulate catalytic site redevelopment, provide financing for lakefront improvements, and increase the tax base. V&A also amended TID #6 to provide donations of surplus revenues to help jumpstart development within TID #13.

Results for TID #13:

- **\$172.7 million:** Development value goal
- **\$36.4 million:** Authorized City investments in capital costs, environmental clean-up, and development incentives over life of the District

Other Oak Creek TIDs with V&A:

- TID #12: IKEA TID with \$125 million from new development along Drexel Avenue corridor adjacent to I-94
- TID #14: Industrial park redevelopment
- TID #15: ALDI/retail strip redevelopment
- TID #16: Ryan Road Business Park including \$100 million Amazon logistics hub

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RESTRUCTURING TIDS FOR MORE IMPACT *PLATTEVILLE, WI*



ADOPT

Situation Analysis: Platteville had 5 open TIDs and needed to better leverage them to achieve its immediate and long-term economic development goals.

Details: Most of the TIDs were initially opened to pay for infrastructure without much focus on attracting new development. As the City neared the State TID value limitation –but still had new projects needing TIF assistance – it needed to act quickly and turned to V&A. Acting on our analysis and recommendations, the City coalesced its development partners and JRB members to achieve unanimous support for amending 3 TIDs to include:

- 1) Restructuring the downtown TID spending plan to shift the focus from infrastructure to creating tax increment.
- 2) Restructuring the interchange TID spending plan and obligations to immediately free up \$2M for needed improvements.
- 3) Adding a newly vacated building in the industrial park TID to encourage reuse

Results:

- **\$133.4 million:** Value of all TIDs representing a 40% value increase since adopting the recommended amendments
- **Critical change:** TIF dollars used to promote and assist implementation of new development
- **Note:** A TIF can fund relevant costs such as a comprehensive development plan, developer incentives, site acquisition, site clearance, and marketing for attracting development.

Summary: Platteville adopted the V&A TID restructuring recommendations and has continued to significantly increase their economic impacts.



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COMMERCIAL CORRIDOR TRANSFORMATION *MADISON, WI*

PLAN

IMPLEMENT

Situation Analysis: The Capitol East District was a significantly underutilized corridor in the heart of Madison. The goal was to create a major urban employment center with a lively pulse.

Details: V&A worked with city staff, the private sector and neighborhoods to prepare an award-winning vision and plan for the corridor. We then led a reposit-ionic strategy and implementation project prioritization with development projections. Working as a team with city staff, we actively guided TIF implementation including land acquisition and developer selection.

Results:

- Additional Tax Value \$328 million
- New city destination and commercial hub
 - Residential Units: ~1,400
 - Commercial: ~620,000
 - Parking Stalls: ~2,900
 - Hotel Rooms: ~140

Summary: The Capitol East District is a game-changing economic and high-density living epicenter that has attracted small, medium and large businesses and become an entertainment destination with a fresh vibe.



CRITICAL SUCCESS FACTORS OF A TID

'Big Picture' Focus

Long-term oriented project plan to drive economic development

'Lasting Value' Orientation

Sustainable focus on growth and increased tax revenue

Ongoing Management

Aggressive developer and investor outreach

Joint Review Board Approval

All tax authorities (municipal, school and/or county) should be aligned and be part of the TID process



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CREATE. PLAN. EXECUTE.

Create

Create District

- Perform feasibility studies
- Establish base value and geography
- Calculate incremental tax value

Plan

Plan Project

- Create plan for Economic Development
- Develop guide for investments



Execute

Execute Plan

- Attract developers
- Manage progress to maintain momentum



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- **The Midwest Experts** at TIF design, implementation and optimization with decades of experience
- Let us help you use a TID effectively, so you optimize the benefits of your tax revenues while you drive sustainable, long-term community improvements and growth
- www.vandewalle.com/TIF or (608) 255-3988



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