



City of Whitewater

Stonehaven Development

Financial Review and Dev. Agmt. Process

1. Development Application – Developer submits request
2. Value - Assessor determine value of completed project
3. TIF Estimate – Calculate property taxes and TIF **Generated**
4. Underwriting – Work with developer to understand project
5. Need/Gap Determination – Work towards TIF **Needed**
6. Terms Sheet/Memo – Presentation of terms and/or memo to board
7. Development Agreement – Negotiate agreement and recommend to board

TIF Generated vs TIF Needed to Fill Gap

TIF **Generated**

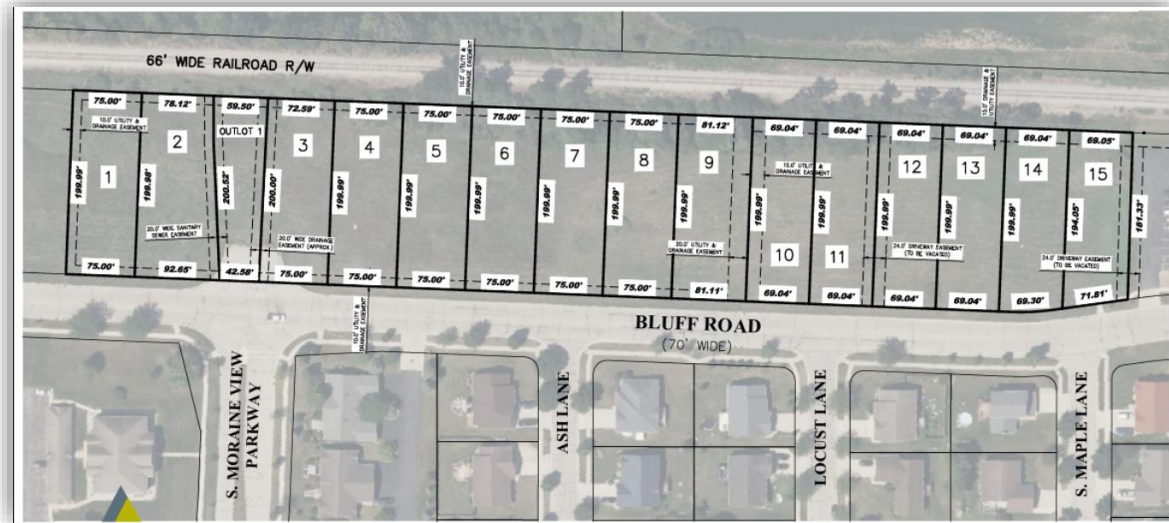
- Estimated Market Value
- Interim Rate (not Net Mill Rate)
- Percentage to the Developer (City retains portion for admin)
- Value inflation assumption, if any
- Interim Rate - change over time assumption, if any

TIF **Needed** via Proforma Review

- Total development costs
- Funding sources
- Interest rates for loans
- Apartment rents
- Tax credit pricing
- Developer contributions
- Developer fee repayment
- Utility allowances
- Operating expenses

Stonehaven Development - Overview

- Stonehaven Development proposal
- 14 single-family homes (2026–2027)
- Target sale price: \$330,000 per home, 1,456 sf



Funding Request

- Revolving Loan Fund (RLF): \$1,200,000 at 0% interest
- Site cost reimbursement: \$267,800
- Total City borrowing: \$1,467,800 (likely taxable financing)

COST	Amount	Pct.	Per Lot
Private Land Acquisition	120,000	44.3%	8,571
Survey	4,200	1.6%	300
CSM (3 Parcels)	1,700	0.6%	121
Subdivision Plat (2 parcels)	7,300	2.7%	521
Due Diligence, Design	3,900	1.4%	279
Delivery Services	1,200	0.4%	86
Site Work	49,500	18.3%	3,536
Permit/City Fees	60,200	22.2%	4,300
Water Services	19,800	7.3%	1,414
TOTAL	267,800	99.0%	19,129

Financing Structure

- RLF cycles with home sales
- Potential funding sources: State Trust Fund Loan (5% interest) or local bank
- Debt service supported by TID #11 funds until 2031
- Developer Profit: \$20,000 per home, Realtor's commissions
- No Developer equity, but guarantees and/or Letter of Credit

RLF - TID

Revenue Year	Projected Revenues				Expenditures				Balances			Revenue Year
	Tax Increments	Repayment of RLF	Existing TID #11 Revenue	Total Revenues	State Trust Fund Loan 1,467,800 Dated Date: 03/15/26			Total Expenditures	Annual	Cumulative	Liabilities Outstanding	
					Principal	Est. Rate	Interest					
2027			73,390	73,390			73,390	73,390	0	0	1,467,800	2027
2028	28,825	600,000	44,565	673,390	600,000	5.00%	73,390	673,390	(0)	(0)	867,800	2028
2029	58,565	600,000		658,565	600,000	5.00%	43,390	643,390	15,175	15,175	267,800	2029
2030	78,981		69,234	148,215	150,000	5.00%	13,390	163,390	(15,175)	(0)	117,800	2030
2031	79,771		43,919	123,690	117,800	5.00%	5,890	123,690	(0)	(0)	0	2031
2032	80,569			80,569				0	80,569	80,568	0	2032
2033	81,374			81,374				0	81,374	161,943	0	2033
2034	82,188			82,188				0	82,188	244,131	0	2034
2035	83,010			83,010				0	83,010	327,141	0	2035
2036	83,840			83,840				0	83,840	410,981	0	2036
2037	84,678			84,678				0	84,678	495,659	0	2037
2038	85,525			85,525				0	85,525	581,185	0	2038
2039	86,381			86,381				0	86,381	667,565	0	2039
2040	87,244			87,244				0	87,244	754,809	0	2040
2041	88,117			88,117				0	88,117	842,926	0	2041
2042	88,998			88,998				0	88,998	931,924	0	2042
Total	1,178,066	1,200,000	231,108	2,609,174	1,467,800		209,450	1,677,250				Total

Risks

- **RLF Management:** Requires significantly more staff time than a standard PAYGO.
- **Home Sale Timing:** Delays could extend debt payoff and increase reliance on other TID #11 revenues.
- **Sale Price Risk:** If homes sell below cost, RLF repayment falls short; allow max price to \$350,000.
- **Cost Overruns:** Higher construction costs could slow sales or force lower prices, creating pressure on other TID#11 revenues.

Risk Mitigation

- **Developer Shortfall Payments:** Developer covers any gap if tax increment revenues don't meet debt service.
- **Special Assessments:** City can levy assessments or charges to recover unpaid amounts.
- **Letter of Credit:** Developer provides \$200,000 letter of credit for potential shortfalls; City may draw if needed.
- **Developer Fee Adjustment:** Developer waives fee if homes sell below construction cost.
- **Termination Right:** City should retain.

Summary

- Aligns with City's housing goals
- Reduces developer overhead and interest costs
- No Developer equity, but guarantees and Letter of Credit exist
- Requires careful management and safeguards



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Recommendation (Example/Sample)

- **MRO Amount:** \$6,500,000 if on a future/gross value basis (at 0% interest)
- **Annual Share:** Paid out from 90% of TIF annually generated by the Project
- **Value Inflation:** Projections based on 1.5% annual inflation on project value
- **Term:** Last possible payment year is 2046, no payments after 2046
- **Pay as you go:** No City borrowing for MRO
- **Lookback on Total Development Costs** – Upon completion, if the Actual Total Development Cost is less than 95% of the Estimated Total Development Cost, then the MRO will be reduced by the amount of the difference. Costs are PV, MRO is FV which yields shares in the underruns.