



# 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

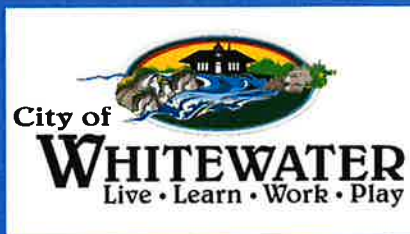


**The developer is required to present a site plan and proforma, outlining costs and investment from them.**





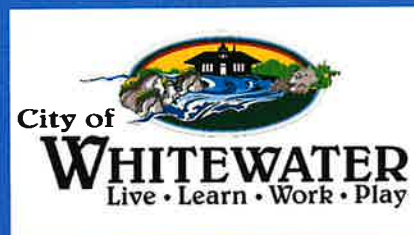
**It is the developer's responsibility to show there is a gap if they are requesting financial support from the City.**





**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	
District Creation Date	8/3/2021	
Valuation Date	Jan 1, 2021	
Max life (Years)	20	
Expenditure Period/Termination	15	8/3/2036
Revenue Period/Final year	20	2042
Extension Eligibility/Years	Yes	3
Eligible Recipient District	No	

Base Value	
Appreciation Factor	0.50%
Base Tax Rate	\$ 18.20
Rate Adjustment Factor (3 years)	-1.00%
Tax Exempt Discount Rate	3.00%
Taxable Discount Rate	4.00%

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

**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.

## Single Project Projection Worksheet TID 11 Walworth County

Type of District	Mixed Use	
District Creation Date	8/3/2021	
Valuation Date	Jan 1,	2021
Max life (Years)	20	
Expenditure Period/Termination	15	8/3/2036
Revenue Period/Final year	20	2042
Extension Eligibility/Years	Yes	3
Eligible Recipient District	No	

Base Value	
Appreciation Factor	0.50%
Base Tax Rate	\$ 17.52
Rate Adjustment Factor (3 years)	-1.00%
Tax Exempt Discount Rate	4.25%
Taxable Discount Rate	5.50%

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

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	2022	2023	-	-	2024	\$ 17.15	-	-	-	-	-	-
2	2023	2024	-	-	2025	\$ 16.98	-	-	-	-	-	-
3	2024	2025	-	-	2026	\$ 16.81	-	-	-	-	-	-
4	2025	2026	12,300,000	12,300,000	2027	\$ 16.64	(173,978)	204,680	30,702	30,702	23,917	22,266
5	2026	2027	61,500	12,361,500	2028	\$ 16.64	(174,848)	205,703	30,855	61,557	46,974	43,478
6	2027	2028	61,808	12,423,308	2029	\$ 16.64	(175,722)	206,732	31,010	92,567	69,201	63,684
7	2028	2029	12,300,000	24,785,424	2030	\$ 16.64	(350,578)	412,445	61,867	154,434	111,739	101,894
8	2029	2030	-	24,909,351	2031	\$ 16.64	(352,331)	414,507	62,176	216,610	152,746	138,294
9	2030	2031	124,547	25,033,898	2032	\$ 16.64	(354,093)	416,580	62,487	279,097	192,279	172,969
10	2031	2032	125,169	25,159,067	2033	\$ 16.64	(355,863)	418,663	62,799	341,896	230,389	206,000
11	2032	2033	125,795	25,284,863	2034	\$ 16.64	(357,643)	420,756	63,113	405,010	267,129	237,466
12	2033	2034	126,424	25,411,287	2035	\$ 16.64	(359,431)	422,860	63,429	468,439	302,547	267,441
13	2034	2035	127,056	25,538,343	2036	\$ 16.64	(361,228)	424,974	63,746	532,185	336,690	295,994
14	2035	2036	127,692	25,666,035	2037	\$ 16.64	(356,259)	427,099	170,840	703,024	424,466	368,530
15	2036	2037	128,330	25,794,365	2038	\$ 16.64	(257,541)	429,234	171,694	874,718	509,083	437,627
16	2037	2038	128,972	25,923,337	2039	\$ 16.64	(366,674)	431,381	64,707	939,425	539,673	462,311
17	2038	2039	129,617	26,052,954	2040	\$ 16.64	(368,507)	433,538	65,031	1,004,456	569,163	485,825
18	2039	2040	130,265	26,183,219	2041	\$ 16.64	(370,349)	435,705	65,356	1,069,812	597,592	508,224
19	2040	2041	130,916	26,314,135	2042	\$ 16.64	(372,201)	437,884	65,683	1,135,494	624,999	529,562
20	2041	2042	131,571	26,445,705	2043	\$ 16.64	-	440,073	440,073	1,575,567	801,136	665,071
			24,600,000	1,845,705			(5,007,245)	6,582,813	1,575,567			

### Request Assumptions

Chris Slater will create eight 16-unit apartment buildings  
Mixed Use TID, with 20-year projection, originally created in 2021.  
Total request is \$5,007,245 to be paid out annually as taxes are paid until the TID is retired at the end of its life.

### Conclusions

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

