

# Village of Hales Corners

5635 S. New Berlin Road  
Hales Corners, WI 53130  
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James R. Ryan Municipal Building

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## COMMUNITY DEVELOPMENT AUTHORITY June 15, 2026 (Monday) - 6:30 PM

Notice is hereby given that the Community Development Authority of the Village of Hales Corners will meet at the above date and time, at the James R. Ryan Municipal Building (5635 S. New Berlin Rd).

Pursuant to Resolution 20-61, members of the Plan Commission and applicants may attend this meeting in an electronic platform. The meeting electronic platform link is: <https://meet.goto.com/984742341> or you may dial in at [+1 \(571\) 317-3122](tel:+15713173122) access code: 984-742-341. Requests to access the meeting must be 48 hours in advance of the meeting.

[The Village of Hales Board of Trustees and Plan Commission has also been scheduled to meet at such time and place and upon quorum and call to order, shall then meet concurrently with the Village of Hales Community Development Authority upon the subject matters listed for item 3.3 below.]

Discussion and possible action by Commission on agenda items.

- 1.0 Roll Call
- 2.0 Consent Agenda
  - 2.1 Minutes – May 18, 2022
- 3.0 General Business
  - 3.1 Nomination and Election of Chair
  - 3.2 Nomination and Election of Vice Chair
  - 3.3 Discussion and possible action on Tax Incremental Finance and TIF Assistance Policy
- 4.0 Adjournment

A handwritten signature in black ink, appearing to read "Sandra M. Kulik".

Sandra M. Kulik, Administrator  
June 1, 2026

Note: Upon reasonable notice, efforts will be made to accommodate the needs of individuals with disabilities through appropriate aids and services by contacting the Clerk's Office, 414-529-6161.

**Village of Hales Corners****TAX INCREMENTAL FINANCING AND TIF ASSISTANCE POLICY****Tax Incremental Financing****What is TIF?**

Tax Incremental Financing (TIF) is a funding tool available to local municipalities via state statute that spurs economic development which otherwise would not occur. When a Tax Increment District (TID) is created, property owners within the district continue to pay the same property tax rates as those outside the district. The difference is that tax collections, over and above the “base value” (which is the value before a project in the TID is built), are used to pay for TID eligible project costs. TIF is a partnership amongst all “taxing jurisdictions”, including the Village, Milwaukee County, Milwaukee Area Technical College, Milwaukee Metropolitan Sewerage District, and Whitnall School District; each taxing jurisdiction continues to collect their share of taxes on the base value of the properties in the TID throughout the life of the district. Any “tax increment” (tax revenue paid on the increase in property value above the base value) generated during the life of the TID is retained by the Village to be used to pay for TID eligible project costs. Once all project costs obligated from the TID are recouped, the TID will close and the additional property tax base created is used to spread levies upon.

The use of TIF varies from project to project and district to district. In some cases, the Village uses TIF to promote redevelopment of older parts of the community. In other cases, the Village uses TIF to create industrial parks through land acquisition and construction of infrastructure. In both cases, increased property tax collections are used to pay down obligations associated with project costs. Though not historically how the Village has used TIF, the Village may consider using TIF to further promote commercial and residential development.

**Purpose:**

The purpose of this Policy is to articulate to existing or potential businesses the Village’s desire to promote economic development that is consistent with the Village’s Comprehensive Plan and provides a community benefit that will ultimately be shared by all taxing jurisdictions.

**TIF Authority:**

The authority and regulations for TIF and the establishment of TIDs are found in Wis. Stats. 66.1105. The Village reserves the right to be more restrictive than may be provided under the statute.

**Basic Provisions – TIF Assistance:**

Notwithstanding compliance with any or all of the guidelines herein, the provision of “TIF assistance,” (which is the use of tax increment generated by a project to support costs

necessary to attract the project), is a policy choice to be evaluated on a case-by-case basis by the Village of Hales Corners Community Development Authority (CDA), with approval by the Village Board of Trustees (BOT). The use of the term “Village” herein includes the CDA and/or the BOT, as the review process may dictate. The burden of establishing the public value of TIF shall be placed upon the applicant, and the application must substantially meet the criteria contained herein. Village Administration reserves the right to bring any TIF proposal forward for CDA and BOT consideration.

Meeting statutory requirements, policy guidelines, or other criteria listed herein does not guarantee the provision of TIF financial assistance, nor does the approval or denial of one project set precedent for approval or denial of another project.

As a matter of policy, the Village will consider using TIF to assist private development in those circumstances where the proposed private project shows a demonstrated financial gap and the financial assistance request is the minimum necessary to make the project feasible. The developer is expected to have exhausted and maximized every other financial alternative(s) prior to requesting the use of TIF assistance, including equity participation, other federal and state funds, bonds, tax credits, loans, etc.

It is the intent of the Village to provide the minimum amount of TIF assistance to make the project viable and not solely to broaden a developer’s profit margin on the project. Prior to consideration of a TIF request, the Village will undertake an independent analysis of the project and proforma by the Village’s financial advisors and consultants to ensure the request for assistance is valid, as determined by the Village. Developers will be required to fund an escrow in the amount of \$5,000 to fund the costs of the independent proforma analysis.

**Commented [AS1]:** What is the Village’s desired policy amount for minimum escrow funding?

In requesting TIF assistance, the developer must demonstrate that there will be a substantial and significant public benefit to the community such as by eliminating blight, strengthening the economic and employment base of the Village, positively impacting surrounding neighborhoods, increasing property values and the tax base, creating new and/or retaining existing jobs, creating new housing units, and implementing the Comprehensive Plan.

**Commented [AS2]:** Are the Village’s goals for any type of new housing, or also affordable housing? If adding affordable housing, note that only affordable housing is defined in statute (66.1105(2)(ab)), not low-income housing, so terminology is key.

Each project and location is unique and therefore every proposal shall be evaluated on its individual merit, including its potential impact on Village service levels, its overall contribution to the economy, and its consistency with the Comprehensive Plan, Strategic Plan, or other community planning documents. Each project must demonstrate probability of financial success.

**“BUT FOR” TIF**

The fundamental principle, and that which the CDA and Village must determine through information provided by the developer, is that the project would not occur as proposed, within the same time frame, or at the same level of value, “but for” the use of TIF assistance. The burden is on the developer to make this case to the Village and not the

Village to make this case for the developer. The “but for” test will be conducted by the Village’s independent financial advisor and include an in-depth review of the project’s proforma. Should the “but for” determination not be made, TIF assistance for the project cannot be advanced. Ultimately, it is the responsibility of the “Joint Review Board” (JRB) (body made up of a representative from each taxing jurisdiction) to determine if the “but for” test has been met at the creation or amendment of a TID.

**TIF Objectives:**

The Village will consider utilizing TIF to meet the following basic objectives:

1. Stimulate continued revitalization of the commercial areas of the Village by:
  1. Improving infrastructure;
  2. Creating a variety of housing opportunities to increase the number of downtown residents;
  3. Preventing or eliminating slums and blighting conditions;
  4. Constructing mixed-use developments;
  5. Attracting desirable businesses and retaining existing businesses;
  6. Encouraging development projects that enhance the streetscape and pedestrian experience and improve the vitality of the downtown area by adding interest and activity on the first floor of mixed-use buildings.
2. Promote efficient usage of land through redevelopment of blighted areas.
3. Strengthen the economic base of the Village and support economic development.
4. Stabilize and upgrade targeted neighborhoods.
5. Create and retain family supporting jobs in the Village.
6. Increase property values and tax revenues.
7. Leverage the maximum amount of private funding, grants, and/or state and federal sources to spur investment back into the community.

**Commented [AS3]:** Does the Village want to incorporate affordable housing here as well?

**What Development is TID Eligible?**

TID eligible project expenditures are defined by Section 66.1105(2)(f)(1) of Wisconsin Statutes, which the Village of Hales Corners may further limit on a project by project basis. The following are typical eligible costs that the Village will consider:

1. Capital costs, including actual costs of:
  - a. Construction of public works or improvements;
  - b. Construction of new buildings, structures, and fixtures;
  - c. Demolition, alteration, rehabilitation, repair or reconstruction of existing buildings, structures and fixtures, other than historic buildings and structures.
  - d. Acquisition of equipment to service the district;
  - e. Restoration of soil or groundwater affected by environmental pollution; and

**Commented [AS4]:** Recommend narrowing this list down to items specific to what the Village will consider, rather than listing many from statute. Or:

**Commented [AS5R4]:** Recommend language like “eligible expenses are those that are included within the original or amended TID project plan for the district.” This makes it clear eligible expenses may not be the same across districts and gives the Village flexibility to make certain districts have costs that are more narrow in scope.

**Commented [HA6]:** Will ½ mile costs be considered?

f. Clearing and grading of land.

2. Real property assembly costs.
3. Professional service costs (planning, architectural, engineering, and legal).
4. Relocation costs.
5. Environmental remediation.
6. Organizational costs (environmental and other studies, publication and notification costs).

In order for a project expense to be paid for by the TID, the project must be included within the original or amended TID project plan. The types of development the Village will consider TIF funding for includes:

1. Business development (attraction, retention, expansion). TIF assistance will be evaluated on its impact on existing local markets.
2. Mixed-use developments that creatively integrate commercial and retail projects into a residential development.
3. Revitalization of historically significant or deteriorated buildings.
4. Projects that promote office and retail development.
5. Projects that promote neighborhood stabilization or revitalization.
6. Projects that promote industrial development.
7. Projects consistent with approved TIF Project Plans.
8. Projects that involve environmental clean-up, removal of slum and blighting conditions.
9. Projects that contribute to the implementation of other public policies, as adopted by the Village in its strategic plans such as promotion of high quality architectural design, energy conservation (i.e. LEED, Energy Star, etc.), green infrastructure, etc.

#### **What Development is Ineligible?**

There are prohibited TID Project costs per Wis. Statute 66.1105(2)(f)(2), including but not limited to:

- Construction or expansion of municipal buildings.
- Facilities financed with user fees.
- General government expenditures, unrelated to the TID.
- Except in Mixed-Use Districts with qualifying residential, costs associated with newly platted residential development.

The Village may further limit TID eligible projects on a project by project basis. The Village will not favor use of TIF funding which supports the following types of development:

1. Speculative office development (projects that have no secured tenants).

2. Relocation of existing offices, retail and/or commercial uses within the Village for purposes other than retaining or substantially expanding the business.
3. Projects not consistent with the Comprehensive Plan.

**Criteria for TIF Assistance:**

The following financial criteria shall be addressed by the developer in order to be considered for TIF assistance. The Village reserves the right to consider stricter or more liberal criteria.

1. **Municipal Revenue Obligation (MRO):** If it is determined that TIF is necessary to make a project feasible, the Village may issue a Municipal Revenue Obligation (MRO) which will contain these limiting features:
  - a. **Principal TIF Amount:** TIF will be limited to a maximum Principal TIF Amount listed in a development agreement. Once the Principal TIF Amount is achieved, the Village's obligations cease.
  - b. **50% Rule (Annual Portion):** No more than 50% of the annual TIF generated shall be pledged to a development during the Payback Term. The Village reserves the right to consider exceptions up to 75%.
  - c. **Payback Term:** TIF shall be provided for up to 20-years up to the Principal TIF Amount. Preference will be given to projects with payback periods of 10 years or under.
  - d. **Pay-As-You-Go:** The Village would agree to remit TIF generated by the Project to the developer as outlined in a development agreement, but would not borrow funds or obligate other taxes or tax base.
  - e. **TIF Percent of Total Project Costs:** The total amount of TIF assistance shall not exceed 20% of total project costs. This limitation may be waived or revised if the project involves redevelopment of existing structures, or the assembly and clearance of land upon which existing structures are located, or key strategic village goals of ?. The Village will consider the maximization of private funds by the developer. For example, the Village will evaluate whether the loan being proposed by the developer is less than what may be attained privately taking into account the proposed debt service coverage ratio.
2. **Up-Front Financing:** It is the preference of the Village to provide Pay As You Go (PAYGO) financing through the issuance of an MRO, as outlined above. However, the Village may consider up-front financing (in which the Village pays the developer funds up front, prior to the tax increment being generated) on a case-by-case basis when projected increment can support early costs and is not the first money into the project.
3. **Proforma Review:** During a review of the financial proforma for the project, the Village requires the following.
  - a. **Equity Requirement:** Developer must provide a minimum 15% equity of total project costs. Projects that have higher equity will be looked upon

Commented [HA7]: Discuss with Village

Commented [SR8]: This out clause makes the 50% irrelevant. If the intent is no more than 50%, then say that. Or, state what Key Strategic Village Goals the developer would need to provide to hit 75%.

Commented [AS9]: Discuss with Village

more favorably by the Village. Equity is defined as cash or un-leveraged value in land or prepaid costs attributable to the project. The equity requirement excludes deferred developer fees, deferred or waived contractor fees, and any 'intellectual property equity'. The Village reserves the right to require the developer to reserve a portion of its developer fee in addition to the 15% equity component.

- b. **Land Assembly Cap:** TIF assistance for land/property assembly costs will not be provided in an amount exceeding 10% of the fair market value of the land. The fair market value will be determined by an independent appraiser contracted by the Village with cost of appraisal paid for by the developer.
  - c. **Internal Rate of Return:** The amount of assistance provided to a developer will be limited to the amount necessary to provide the developer a reasonable rate of return on investment in the project and the subject site. A developer's Cash on Cash, Yield on Cost, or Internal Rate of Return will be based on current market conditions as determined by the Village or Village's financial advisors and consultants. It is preferred by the Village that the internal rate of return not exceed 15%.
4. **Lookbacks:** Projects receiving assistance are subject to look-back provisions that verify the support provided was appropriate. Please see section "Structure of the TIF Agreement" of this Policy for additional information.
  5. **Self-Supporting Projects:** Each project requesting TIF assistance should generate sufficient tax increment to cover the requested TIF assistance and a portion of any public infrastructure costs within the district. The Village prefers that increment from other private development projects within the district not be used to supplement another project's inability to generate sufficient tax increment to cover project costs.
  6. **Taxable Increase:** The project should result in an increase in taxable valuation of at least 20% upon project completion.
  7. **Guaranty:** The Village may require a personal guaranty for TIF assistance, particularly when providing Up-Front Financing. The Village shall have the option to consider alternate forms of guaranty, such as a letter of credit and special assessment guarantees.

**Commented [AS10]:** Confirm - does the Village want to require lookbacks?

**Commented [SR11]:** Suggest deleting, if there is only 20% increase, then no TIF should be provided.

### Policy Criteria

In addition to meeting all of the above financial criteria, projects must accumulate at least 50 points based on the following policy criteria. Points can range from 0 to the maximum shown below in each category:

Criteria Maximum Points:

1. Attracting, retaining or expanding businesses for the purpose of improving the Village's economic base.

1. Documentation of employment or financial projections must be provided by the party making the request and will serve as the basis for the agreement. (20)
2. Projects that directly implement specific recommendations of the Village's strategic planning documents such as the Village's Comprehensive Plan. (10)
3. Projects involving retail development that is targeted to encourage an inflow of customers from outside the Village that result in exported goods, or that provide services or fill retail markets that are currently unavailable or underserved in the Village. (5)
4. Presence of extraordinary development/redevelopment costs such as:
  1. Remodeling/Rehabilitation/Demolition
  2. Environmental Remediation
  3. Capital purchases
  4. Facility expansion
  5. Public infrastructure (20)
5. Proposed employment potential.
  1. Number of new employees.
  2. Skill and education levels required for the jobs.
  3. Range of salary and compensation rates for the jobs as compared with the median income level for the community.
  4. Cost of public assistance per job.
  5. Potential for executive relocation. (10)
6. Enhance the streetscape and pedestrian experience. (5)
7. Historic Preservation. Preservation/rehabilitation of a locally significant historic structure. (5)
8. Provides direct benefit to distressed areas through blight elimination. (15)
9. Quality of development and overall aesthetics (architectural, site design, landscaping, etc.) beyond that which is minimally required by the Zoning Ordinance. (5)
10. Higher standards of Building Design, Materials, and Energy Efficiency such as meeting LEED certification, Energy Star, etc. (5)

**Process of TIF Assistance Approval:**

TID creations and amendments require following statutory prescribed timelines that include, for example, notification to the overlying taxing jurisdictions, property owners within the district, and published meeting notification in the newspaper. Depending on the nature of the TIF request, a TID creation or amendment may be necessary which would require approval from the CDA or Plan Commission, JRB, and BOT. If a TID creation or amendment is not required, the approvals process for TIF assistance will only include the CDA and BOT.

1. **Pre-application meeting:** Developer meets with Village staff and advisors to discuss the proposal and requirements.
2. **Application submission:** Developer submits the TIF Application to the Village.

3. **Completeness & eligibility review:** Village reviews the application for completeness and confirms the project's eligibility under Village policy and state requirements.
4. **Financial analysis:** Village staff and/or outside consultants analyze the TIF plan and project financial pro formas. Developer will be required to fund an escrow in the amount of \$5,000 to fund the costs of the independent proforma analysis.
5. **Public hearing on TID Creation or Amendment (if required) (CDA):** Within 90 days of receiving a complete application, staff schedules a public hearing before the CDA on the Project Plan and district boundaries; if approved, materials advance to the BOT (with a minimum 14-day wait after the hearing).
6. **Village Board action on TID Creation or Amendment (if required) (BOT):** BOT may approve or deny the TID creation and may retract (reduce) boundaries from those recommended by the CDA (but not expand); if approved, the proposal goes to the JRB for the final "but for" determination.
7. **Development agreement drafting:** Village and developer draft and negotiate the development agreement.
8. **CDA & BOT approval:** Once terms are agreed to, the development agreement is brought to the CDA and BOT for formal approval.
9. **Agreement execution:** Village and developer execute the approved development agreement.

**Commented [AS12]:** Discussed previously on page 2 in section Basic Provisions – TIF Assistance - update both to consistent language.

#### Structure of the TIF Agreement:

1. **Financing method:**
  - a. The Village prefers to structure TIF assistance as a PAYGO MRO. PAYGO means as the TID generates actual tax incremental revenues, pending specifics of the development agreement, a certain portion of that increment is paid back to the developer.
  - b. The Village may consider up-front financing (in which the Village pays for certain costs, or in some cases, the developer directly, prior to the tax increment being generated) on a case-by-case basis when projected increment can support early costs and is not the first money into the project.
2. **Current tax bills:** For PAYGO projects, the owner must pay all outstanding Village property tax bills before any Village disbursement.
3. **No mortgage guarantees:** The Village will not provide mortgage guarantees.
4. **Guaranty requirement:** When up-front financing is provided, the Village will require a personal guaranty (or other acceptable guaranty) as a condition of providing TIF assistance.
5. **No assessment appeals:** The owner must agree not to challenge the Village assessor's property value determination for the properties receiving assistance.
6. **Administrative cost recovery:** The Village may retain up to 10% of project tax increment for administrative costs. Until the project generates positive increment,

the developer will pay an administrative fee to help offset recordkeeping, reporting, and accounting.

7. **Ownership/hold requirement:** For for-sale projects (e.g., condo office/retail/residential), the developer must retain overall ownership through final completion (units may be sold as completed). For other projects, the developer must retain ownership long enough to complete construction, stabilize occupancy, establish management, and begin paying taxes at the increased value.
8. **Look-back reporting:** Projects receiving assistance are subject to look-back provisions that verify actual project costs and post-completion financial performance, as described below.
  - a. **Project cost look-back:** The developer will submit a certified accounting of total development costs. If actual costs are less than the estimated development cost originally provided to the Village and memorialized in the development agreement, the Principal TIF Amount of the MRO will be reduced by one-half of the difference.
  - b. **Financial performance look-back:** After project completion, the developer will provide financial information sufficient for the Village (or its financial advisor) to evaluate returns under the development agreement.
    1. **Rental projects:** For developer-owned properties with tenant rentals, the developer must provide certified cost and revenue records (including leases and per-square-foot sales). If results show higher returns than those memorialized in the development agreement, the Village and developer will share the increased profits and the MRO will be reduced by half of the amount needed to exceed the profitability threshold set in the development agreement.
    2. **For-sale projects:** For for-sale developments the developer must provide post-completion financial data, including all equity, revenues, and expenses. If results exceed the returns contemplated at development agreement approval, the Village and developer will share the increased profits and the MRO will be reduced by half of the amount needed to exceed the profitability threshold set in the development agreement.
9. **Policy changes & waiver requests:** The Village may amend or withdraw these policies and may require additional information. Requests for waivers/modifications must use Village forms and must demonstrate the exception is in the Village's best interests.

**Must Be Submitted to the Village for TIF Assistance Consideration:**

**Commented [AS13]:** Discuss approach to application with Village. Recommend inclusion of:  
A question about the land and who owns it, and is that entity related to the new developer?  
Ask specifically for all of the PIDs.  
Ask specifically what is the developer asking for from the Village?  
Developer should submit their spreadsheets (not pdfs) to the Village for use in the proforma review.

1. **Sources and Uses** – Provide detailed uses of funds (total development costs) and details of each source of funds (equity, loans, grants, etc.) including rate, term, and amortization of all loans. Provide any terms sheets for loans.
2. **Operating Proforma** – Annual multi-year (15-year) operating proforma showing revenues, expenses, and debt service, including unit count and affordability (AMI levels) for rental project, and all equity, costs and sales for for-sale product
3. **Land** – What entity owns the land and is that entity related to the Developer?
4. **Market Studies** – If available, provide any background for rent or lot sales data
5. **Project Site and/or Architectural Plans** – If available
6. **Financial Performance Target** – What financial performance metric (Yield on Cost, Cash on Cash, or Internal Rate of Return) and at what value is needed to achieve financeability? (Example: Looking to achieve a 10-year Internal Rate of Return of XX%)
7. **Financial Request** – What is the developer requesting from the City? (Example: Request TIF in the amount of \$xyz, based on xx% of the annual TIF, for xx years)

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**To:** Village of Hales Corners CDA  
**From:** Brian Wiedenfeld & Jeff Thelen  
**Subject:** TIF Performance & TIF Policy Manual Review  
**Date:** March 17, 2025

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### TIF Annual Performance

MSA has reviewed the existing Dept. of Revenue Reports for TID No. 4. The district has realized \$16,690,300 in value increment since its creation in 2016. The Village has received \$985,436 of tax increment payments to date. Assuming there is no more development, 2% inflation, and no changes to the local tax rate (\$17.49), the TID should realize an additional \$9,471,977 (\$10,457,413 total) in tax increment. Please see Table 1 for the projected tax increment.

Table 2 presents the projected annual performance of TID No. 4, assuming no additional projects are approved, and no new development incentives are awarded. If these assumptions stay true through the remaining life of the TID, it should close in 2043 with a positive balance of \$8,141,632. Assuming no new development projects are completed, the Village can incur additional public works projects in and within ½ miles of the project boundary or close the TID early.

**MEMO**  
**March 17, 2025**

Table 1: Potential Tax Increment Generation

| Year | Beginning Year Value Increment | Estimated Growth in Value | Cumulative Value | Inflation Increment | End of Year Value | Tax Increment Value | Tax Value Year | Tax Rate    |                     | Payment Year |
|------|--------------------------------|---------------------------|------------------|---------------------|-------------------|---------------------|----------------|-------------|---------------------|--------------|
|      |                                |                           |                  |                     |                   |                     |                | Per \$1,000 | Tax Increment       |              |
| 2016 | \$11,977,200                   | \$0                       | \$11,977,200     | \$0                 | \$11,977,200      | \$0                 | 2017           | \$23.80     | \$0                 | 2018         |
| 2017 | \$11,977,200                   | -\$76,100                 | \$11,901,100     | \$238,022           | \$12,139,122      | \$161,922           | 2018           | \$22.51     | \$60,997            | 2019         |
| 2018 | \$12,139,122                   | \$2,452,700               | \$14,591,822     | \$291,836           | \$14,883,658      | \$2,906,458         | 2019           | \$21.94     | \$102,233           | 2020         |
| 2019 | \$14,883,658                   | \$1,871,200               | \$16,754,858     | \$335,097           | \$17,089,956      | \$5,112,756         | 2020           | \$21.58     | \$273,260           | 2021         |
| 2020 | \$17,089,956                   | \$7,339,100               | \$24,429,056     | \$488,581           | \$24,917,637      | \$12,940,437        | 2021           | \$20.36     | \$254,472           | 2022         |
| 2021 | \$24,917,637                   | -\$610,400                | \$24,307,237     | \$486,145           | \$24,793,381      | \$12,816,181        | 2022           | \$17.49     | \$294,474           | 2023         |
| 2022 | \$24,793,381                   | \$2,567,400               | \$27,360,781     | \$547,216           | \$27,907,997      | \$15,930,797        | 2023           | \$17.49     | \$278,630           | 2024         |
| 2023 | \$27,907,997                   | \$150,000                 | \$28,057,997     | \$561,160           | \$28,619,157      | \$16,641,957        | 2024           | \$17.49     | \$291,068           | 2025         |
| 2024 | \$28,619,157                   | \$2,996,400               | \$31,615,557     | \$632,311           | \$32,247,868      | \$20,270,668        | 2025           | \$17.49     | \$354,534           | 2026         |
| 2025 | \$32,247,868                   | \$0                       | \$32,247,868     | \$644,957           | \$32,892,826      | \$20,915,626        | 2026           | \$17.49     | \$365,814           | 2027         |
| 2026 | \$32,892,826                   | \$0                       | \$32,892,826     | \$657,857           | \$33,550,682      | \$21,573,482        | 2027           | \$17.49     | \$377,320           | 2028         |
| 2027 | \$33,550,682                   | \$0                       | \$33,550,682     | \$671,014           | \$34,221,696      | \$22,244,496        | 2028           | \$17.49     | \$389,056           | 2029         |
| 2028 | \$34,221,696                   | \$0                       | \$34,221,696     | \$684,434           | \$34,906,130      | \$22,928,930        | 2029           | \$17.49     | \$401,027           | 2030         |
| 2029 | \$34,906,130                   | \$0                       | \$34,906,130     | \$698,123           | \$35,604,252      | \$23,627,052        | 2030           | \$17.49     | \$413,237           | 2031         |
| 2030 | \$35,604,252                   | \$0                       | \$35,604,252     | \$712,085           | \$36,316,337      | \$24,339,137        | 2031           | \$17.49     | \$425,692           | 2032         |
| 2031 | \$36,316,337                   | \$0                       | \$36,316,337     | \$726,327           | \$37,042,664      | \$25,065,464        | 2032           | \$17.49     | \$438,395           | 2033         |
| 2032 | \$37,042,664                   | \$0                       | \$37,042,664     | \$740,853           | \$37,783,517      | \$25,806,317        | 2033           | \$17.49     | \$451,352           | 2034         |
| 2033 | \$37,783,517                   | \$0                       | \$37,783,517     | \$755,670           | \$38,539,188      | \$26,561,988        | 2034           | \$17.49     | \$464,569           | 2035         |
| 2034 | \$38,539,188                   | \$0                       | \$38,539,188     | \$770,784           | \$39,309,971      | \$27,332,771        | 2035           | \$17.49     | \$478,050           | 2036         |
| 2035 | \$39,309,971                   | \$0                       | \$39,309,971     | \$786,199           | \$40,096,171      | \$28,118,971        | 2036           | \$17.49     | \$491,801           | 2037         |
| 2036 | \$40,096,171                   | \$0                       | \$40,096,171     | \$801,923           | \$40,898,094      | \$28,920,894        | 2037           | \$17.49     | \$505,826           | 2038         |
| 2037 | \$40,898,094                   | \$0                       | \$40,898,094     | \$817,962           | \$41,716,056      | \$29,738,856        | 2038           | \$17.49     | \$520,133           | 2039         |
| 2038 | \$41,716,056                   | \$0                       | \$41,716,056     | \$834,321           | \$42,550,377      | \$30,573,177        | 2039           | \$17.49     | \$534,725           | 2040         |
| 2039 | \$42,550,377                   | \$0                       | \$42,550,377     | \$851,008           | \$43,401,385      | \$31,424,185        | 2040           | \$17.49     | \$549,609           | 2041         |
| 2040 | \$43,401,385                   | \$0                       | \$43,401,385     | \$868,028           | \$44,269,412      | \$32,292,212        | 2041           | \$17.49     | \$564,791           | 2042         |
| 2041 | \$44,269,412                   | \$0                       | \$44,269,412     | \$885,388           | \$45,154,801      | \$33,177,601        | 2042           | \$17.49     | \$580,276           | 2043         |
| 2042 | \$45,154,801                   | \$0                       | \$45,154,801     | \$903,096           | \$46,057,897      | \$34,080,697        | 2043           | \$17.49     | \$596,071           | 2044         |
| 2043 | \$46,057,897                   | \$0                       | \$46,057,897     | \$921,158           | \$46,979,055      | \$35,001,855        | 2044           | \$17.49 X   |                     | 2045         |
|      |                                | <b>\$16,690,300</b>       |                  | <b>\$18,311,555</b> |                   |                     |                |             | <b>\$10,457,413</b> |              |

Source: Wisconsin Department of Revenue Statements of Changes in TID Value

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Table 2: Projected Annual Performance

| Year         | Tax Increment       | Other Income   | Annual Interest  | Development Incentives | Administration, Planning & Promotion | Total Expenditures | Annual Balance     | Total Balance |
|--------------|---------------------|----------------|------------------|------------------------|--------------------------------------|--------------------|--------------------|---------------|
| 2016         | \$0                 |                |                  |                        | \$1,000                              | \$1,000            | (\$1,000)          | (\$1,000)     |
| 2017         | \$0                 |                |                  |                        | \$150                                | \$150              | (\$150)            | (\$1,150)     |
| 2018         | \$0                 |                |                  |                        | \$150                                | \$150              | (\$150)            | (\$1,300)     |
| 2019         | \$60,997            | \$374          |                  |                        | \$150                                | \$150              | \$61,221           | \$59,921      |
| 2020         | \$102,233           | \$286          | \$75,625         |                        | \$150                                | \$75,775           | \$26,744           | \$86,665      |
| 2021         | \$273,260           | \$52           | \$90,750         | \$214,137              | \$150                                | \$305,037          | (\$31,725)         | \$54,940      |
| 2022         | \$254,472           | \$666          | \$78,822         | \$169,937              | \$150                                | \$248,909          | \$6,229            | \$61,169      |
| 2023         | \$294,474           | \$8,158        | \$69,634         | \$158,585              | \$150                                | \$228,369          | \$74,263           | \$135,432     |
| 2024         | \$278,630           |                |                  | \$208,775              | \$150                                | \$208,925          | \$69,705           | \$205,137     |
| 2025         | \$291,068           |                |                  | \$189,425              | \$150                                | \$189,575          | \$101,493          | \$306,629     |
| 2026         | \$354,534           |                |                  | \$170,165              | \$150                                | \$170,315          | \$184,219          | \$490,848     |
| 2027         | \$365,814           |                |                  | \$165,393              | \$150                                | \$165,543          | \$200,271          | \$691,120     |
| 2028         | \$377,320           |                |                  | \$168,784              | \$150                                | \$168,934          | \$208,386          | \$899,506     |
| 2029         | \$389,056           |                |                  | \$186,695              | \$150                                | \$186,845          | \$202,211          | \$1,101,717   |
| 2030         | \$401,027           |                |                  | \$186,695              | \$150                                | \$186,845          | \$214,182          | \$1,315,899   |
| 2031         | \$413,237           |                |                  | \$186,695              | \$150                                | \$186,845          | \$226,392          | \$1,542,291   |
| 2032         | \$425,692           |                |                  |                        | \$150                                | \$150              | \$425,542          | \$1,967,833   |
| 2033         | \$438,395           |                |                  |                        | \$150                                | \$150              | \$438,245          | \$2,406,078   |
| 2034         | \$451,352           |                |                  |                        | \$150                                | \$150              | \$451,202          | \$2,857,280   |
| 2035         | \$464,569           |                |                  |                        | \$150                                | \$150              | \$464,419          | \$3,321,699   |
| 2036         | \$478,050           |                |                  |                        | \$150                                | \$150              | \$477,900          | \$3,799,600   |
| 2037         | \$491,801           |                |                  |                        | \$150                                | \$150              | \$491,651          | \$4,291,250   |
| 2038         | \$505,826           |                |                  |                        | \$150                                | \$150              | \$505,676          | \$4,796,927   |
| 2039         | \$520,133           |                |                  |                        | \$150                                | \$150              | \$519,983          | \$5,316,909   |
| 2040         | \$534,725           |                |                  |                        | \$150                                | \$150              | \$534,575          | \$5,851,484   |
| 2041         | \$549,609           |                |                  |                        | \$150                                | \$150              | \$549,459          | \$6,400,943   |
| 2042         | \$564,791           |                |                  |                        | \$150                                | \$150              | \$564,641          | \$6,965,584   |
| 2043         | \$580,276           |                |                  |                        | \$150                                | \$150              | \$580,126          | \$7,545,710   |
| 2044         | \$596,071           |                |                  |                        | \$150                                | \$150              | \$595,921          | \$8,141,632   |
| <b>Total</b> | <b>\$10,457,413</b> | <b>\$9,536</b> | <b>\$314,831</b> | <b>\$2,005,286</b>     | <b>\$5,200</b>                       | <b>\$2,325,317</b> | <b>\$8,141,632</b> |               |

Source: Wisconsin Department of Revenue Annual Report (PE-300), and TID No. 4 Financial Statements Prepared by Baker Tilly.

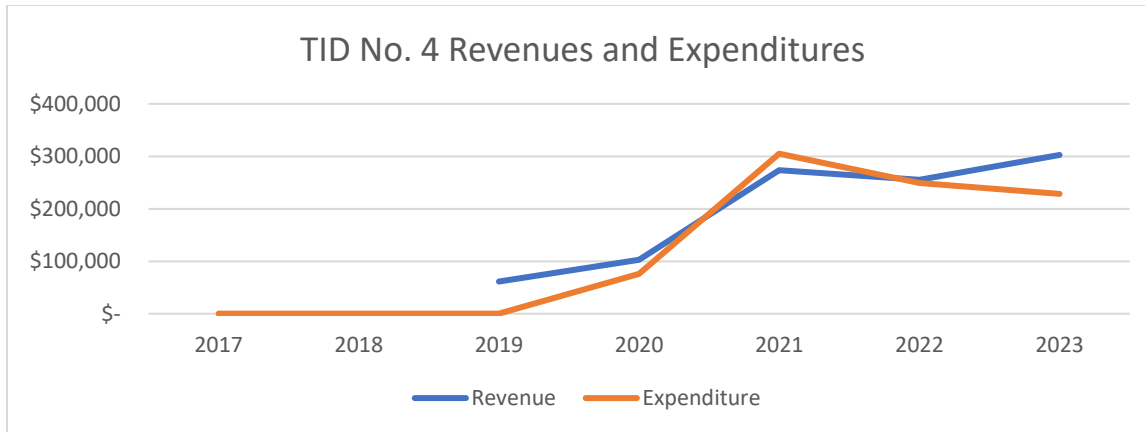
The development of the TID, as highlighted in the economic feasibility study of the project plan, appears to be behind schedule with only the Festival Foods parcel redeveloped to date. No other redevelopment has been completed. The Village may continue to incur new project expenditures in the TID until July 11, 2038.

Figure 1 shows the revenues and expenditures to date. As of the 2023 WI DOR report, TID No. 4 revenues are greater than the expenditures, indicating that the TID is producing profitable returns.

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Figure 1: Revenues & Expenditures



Source: Wisconsin Department of Revenue TID Annual Reports (PE-300)

## TIF Policy Manual Review

The Village's existing TIF policy appears to follow the current TIF Statute. The current policy protects the Village from over-investing in developments that don't meet the Village's needs. Based on the initial project plan from 2016, the performance of TID No. 4 was predicted to grow at a faster rate than how it is currently performing. As there are a variety of factors, it is recommended that the Village adjust the TIF policy language and application into bullet points, to make it easier to read and interpret. It is recommended the Village adjust the TIF policy language and application into bullet points, to make it easier to read and interpret. A sample streamlined policy is attached to this memo.

The section titled **"What Development is Eligible"** should be rewritten to emphasize the need for a development to increase the local tax base. MSA concerns are as follows:

- Business development (1) is too vague. The policy references that TID funds can be used for business retention. MSA recommends eliminating this language. The Village cannot pay for retention if no new value increment is generated through business expansion.
- Items No. 3 and No. 8 should be combined as they are substantially the same. Private historical building restorations should only be considered if they will lead to an increase in property value.
- Item No. 4 should be revised with preference to large office and retail development. The concern here is TID funds could be used for office and retail projects that do not lead to a significant increase in property value or employment. This should be revised to reflect the need for growth in property values. TIF has been used to help employers outside of a TID, and the Village can choose to use the funds in this matter with the understanding that it won't generate increases in property value.
- It is recommended to delete item No. 5. Neighborhood stabilization is covered by revitalization and blight removal in the merged No. 3 and No. 8 combined line item.

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- Revise No. 7 to spell out what is eligible for funding instead of citing eligible items in the TIF project plan. This will give applicants a clear understanding of eligible projects without having to look in a separate document.
- Delete item No. 9. Instead, state that projects that implement green elements will get extra points on the application.

For the section “**What Development is Ineligible,**” MSA concerns are:

- Item No. 2 for the relocation of existing offices should be eligible if it is going to create a net gain of taxable property value within the TID. This will be determined by the Village’s assessor.
- Item No. 3 should spell out ineligible projects instead of citing the comprehensive plan.

The Eligible Costs section should be replaced in its entirety with a paragraph referring the reader to the TIF project plan(s) and the State Statute.

The Village should consider a small-dollar grant program for residential/commercial façade improvements in and within ½ miles of the district to beautify the area.



## **Village of Hales Corners**

# **TAX INCREMENTAL FINANCING POLICY AND APPLICATION**

**(adopted on: Dec. 22, 2014)**

Consider a small-dollar grant program for residential/commercial facade improvements in and within 1/2 mile of the district (if TIF increment is available).

# Tax Incremental Financing Policy and Application

## What is TIF?

Tax Incremental Financing (TIF) is a special funding tool available to local municipalities that spurs economic development which otherwise would not occur. When a Tax Increment District (TID) is created property owners within the district continue to pay the same property tax rates as those outside the district. The difference is that tax collections, over and above the “base value” are placed into a special fund that is used to pay for project costs. Once all costs incurred by the creation of the TID are recouped by the additional tax increment created the TID is closed and the additional property taxes created are shared by all taxing entities. The use of TIF varies from project to project and district to district. In some cases, the Village of Hales Corners (“Village”) uses TIF to promote redevelopment of older parts of the community. In other cases the Village uses TIF to create industrial parks through land acquisition and construction of infrastructure. In both cases, increased property tax collections are used to pay down debt service associated with project costs. The following outlines the Village’s policy regarding TIF.

## Purpose:

The purpose of this Policy is to articulate to existing or potential businesses the Village of Hales Corners’ desire to promote economic development that is consistent with the Village’s Comprehensive Plan and provides a community benefit that will ultimately be shared by all taxing entities (Village, Whitnall School District, Milwaukee Area Technical College, Milwaukee County, and State of Wisconsin) impacted through the establishment of Tax Increment District (TID).

Notwithstanding compliance with any or all of the guidelines herein, the provision of TIF assistance is a policy choice to be evaluated on a case-by-case basis by the Village of Hales Corners Community Development Authority (“CDA”) with the approval by the Village Board of Trustees (“BOT”). The use of the term “Village” herein includes the CDA and/or the BOT, as the review process may dictate. The burden of establishing the public value of TIF shall be placed upon the applicant and the application must substantially meet the criteria contained herein. Village Administration reserves the right to bring any TIF proposal forward for CDA and BOT consideration.

Meeting statutory requirements, policy guidelines or other criteria listed herein does not guarantee the provision of TIF financial assistance nor does the approval or denial of one project set precedent for approval or denial of another project.

## TIF Authority:

The authority and regulations for Tax Incremental Financing and the establishment of Tax Increment Districts are found in Wis. Stats. 66.1105. The Village reserves the right to be more restrictive than may be provided under the statute

For large development projects, make it clear that property needs to be within the TID to participate.

## **Basic Provisions:**

As a matter of policy the Village will consider using Tax Incremental Financing to assist private development in those circumstances where the proposed private project shows a demonstrated financial gap and that the financial assistance request is the minimum necessary to make the project feasible. The developer is expected to have exhausted every other financial alternative(s) prior to requesting the use of TIF, including equity participation, other federal and state funds, bonds, tax credits, loans, etc.

It is the intent of the Village to provide the minimum amount of Tax Incremental Financing assistance to make the project viable and not solely to broaden a developer's profit margin on the project. Prior to consideration of a Tax Incremental Financing request, the Village will undertake (at the requestor's cost) an independent analysis of the project by the Village's financial advisors and consultants to ensure the request for assistance is valid as determined by the Village.

In requesting TIF assistance, the developer must demonstrate that there will be a substantial and significant public benefit to the community by eliminating blight, strengthening the economic and employment base of the Village, positively impacting surrounding neighborhoods, increasing property values and the tax base, creating new and retaining existing jobs, and implementing the Comprehensive Plan.

Each project and location is unique and therefore every proposal shall be evaluated on its individual merit, including its potential impact on Village service levels, its overall contribution to the economy and its consistency with the Comprehensive Plan, Strategic Plan or other community planning documents. Each project must demonstrate probability of financial success.

### **“BUT FOR” TIF**

The fundamental principle, and that which the CDA and Village must determine through information provided by the developer, is that the project would not occur “but for” the assistance provided through Tax Incremental Financing. The burden is on the developer to make this case to the Village and not the Village to make this case for the developer. Should this “but for” determination not be made, Tax Incremental Financing for the project cannot be advanced.

## **TIF Objectives:**

The Village will consider utilizing Tax Incremental Financing to meet the following basic objectives:

1. Stimulate and continued revitalization of the commercial areas of the Village:
  - a. Improving infrastructure;
  - b. Creating a variety of housing opportunities to increase the number of downtown residents;
  - c. Preventing or eliminating slums and blighting conditions;
  - d. Constructing mixed-use developments;
  - e. Attracting desirable businesses and retaining existing businesses.
  - f. Encouraging development projects that enhance the streetscape and pedestrian experience and improve the vitality of the downtown area by adding interest and activity on the first floor of mixed- use buildings.
2. Promote efficient usage of land through redevelopment of blighted areas.
3. Strengthen the economic base of the Village and support economic development.

4. Stabilize and upgrade targeted neighborhoods.
5. Create and retain family supporting jobs in the Village.
6. Increase property values and tax revenues.
7. Leveraging the maximum amount of non-Village funds into a development and back into the community.

## What Development is Eligible?

~~Recommend explicitly excluding single-family housing developments.~~

The type of development the Village will consider TIF funding for includes:

1. Business development (attraction, ~~retention~~, expansion). TIF assistance will be evaluated on its impact on existing local markets. ~~Too general. Specify what business development you want.~~
2. Mixed-use developments that creatively integrate commercial and retail projects into a residential development. ~~Add multi-family workforce housing?~~
3. Revitalization of historically significant or deteriorated buildings. ~~Combine with #8~~
4. Projects that promote office and retail development. ~~Limit to large job creation with new/expanded building~~
5. ~~Projects that promote neighborhood stabilization or revitalization.~~
6. Projects that promote industrial development.
7. ~~Projects consistent with approved TIF Project Plans.~~
8. Projects that involve environmental clean-up, removal of slum and blighting conditions. ~~Combine with #3~~
9. ~~Projects that contribute to the implementation of other public policies, as adopted by the Village in its strategic plans such as promotion of high quality architectural design, energy conservation (i.e. LEED, Energy Star, etc), green infrastructure, etc.~~

## What Development is Ineligible? ~~Recommend adding single-family housing and projects outside TID~~

The Village will not favor use of TIF funding which supports the following types of development.

1. Speculative office development (projects that have no secured tenants).
2. Relocation of existing offices, retail and/or commercial uses within the Village for purposes other than **retaining** or substantially expanding the business.
3. **Projects not consistent with the Comprehensive Plan.**

## ~~Eligible Costs:~~

TIF eligible expenditures are defined by Section 66.1105(2)(e) of Wisconsin Statutes, which the Village of Hales Corners may further limit on a project by project basis. The following are typical eligible costs.

1. Capital costs, including actual costs of:
  - a. Construction of **public works** or improvements;
  - b. Construction of new buildings, structures, and fixtures;
  - c. **Demolition, alteration, rehabilitation, repair or reconstruction** of existing buildings, structures and fixtures, other than historic buildings and structures.
  - d. Acquisition of equipment to service the district; ~~This is a Village expense and not private.~~
  - e. Restoration of soil or groundwater affected by environmental pollution; and
  - f. Clearing and grading of land.
2. Real property assembly costs.
3. Professional service costs (planning, architectural, engineering, and legal).
4. Relocation costs.
5. Environmental remediation.
6. Organizational costs (environmental and other studies, publication and notification costs).

## Criteria for TIF Assistance: Replace "shoud"

The following financial criteria shall be addressed by the developer in order to be considered for TIF assistance. The Village reserves the right to consider stricter or more liberal criteria.

1. Equity Requirement. Developer must provide a minimum 15% equity of total project costs. Projects that exceed the 15% equity requirement will be looked upon favorably by the Village. Equity is defined as cash or un-leveraged value in land or prepaid costs attributable to the project. The equity requirement excludes deferred developer fees or deferred or waiver contractor fees. The Village reserves the right to require the developer to reserve a portion of its developer fee in addition to the 15% equity component.
2. 50% Rule. No more than 50% of the net present value of the tax increment generated by a private development shall be made available to the project. The Village reserves the right to consider exceptions up to 75%.
3. Payback Period. 20 year maximum payback period. Preference will be given to projects with payback periods of 10 years or under.
4. TIF Cap. The total amount of TIF assistance should not exceed 25% of total project costs. This limitation may be waived or revised if the project involves redevelopment of existing structures or the assembly and clearance of land upon which existing structures are located. The Village will consider the maximization of private funds by the developer. For example, The Village will evaluate whether the loan being proposed by the developer is less than what may be attained taking into account the proposed debt service coverage ratio.
5. Self-Supporting Projects. Each project requesting TIF assistance should generate sufficient tax increment to cover the requested TIF assistance and a portion of any public infrastructure costs within the district. The Village prefers that increment from other private development projects within the district not be used to supplement another project's inability to generate sufficient tax increment to cover project costs.
6. Land Assembly Cap. TIF assistance for land/property assembly costs will not be provided in an amount exceeding 10% of the fair market value of the land. The fair market value will be determined by an independent appraiser contracted by the Village with cost of appraisal paid for by developer.
7. Internal Rate of Return. The amount of assistance provided to a developer will be limited to the amount necessary to provide the developer a reasonable rate of return on investment in the project and the subject site. A developer's return on equity, return on cost or internal rate of return will be based on current market conditions as determined by the Village or Village's financial advisors and consultants. It is preferred by the Village that the internal rate of return not exceed 20%.
8. Taxable Increase. The project should result in an increase in taxable valuation of at least 20% upon project completion. Spelled out in development agreement.
9. Guaranty. The Village may require a personal guaranty for TIF assistance. The Village shall have the option to consider alternate forms of guaranty, such as a letter of credit and special assessment guarantees.

## Policy Criteria

In addition to meeting all of the above financial criteria, projects must accumulate at least 50 points based on the following policy criteria. Points can range from 0 to the maximum shown below in each category:

| Criteria  | Maximum Points |
|---|----------------|
| 1. Attracting, retaining or expanding businesses for the purpose of improving the Village's economic base.<br>a. Documentation of employment or financial projections must be provided by the party making the request and will serve as the basis for the agreement.   | 20             |
| 2. Projects that directly implement specific recommendations of the Village's strategic planning documents such as the Village's Comprehensive Plan.  | 10             |
| 3. Projects involving retail development that is targeted to encourage an inflow of customers from outside the Village that result in exported goods, or that provide services or fill retail markets that are currently unavailable or underserved in the Village.   | 5              |
| 4. Presence of extraordinary development/redevelopment costs such as:<br>a. Remodeling/Rehabilitation/Demolition<br>b. Environmental Remediation<br>c. Capital purchases<br>d. Facility expansion<br>e. Public infrastructure   | 20             |
| 5. Proposed employment potential.<br>a. Number of new employees.<br>b. Skill and education levels required for the jobs.<br>c. Range of salary and compensation rates for the jobs as compared with the median income level for the community.<br>d. Cost of public assistance per job.<br>e. Potential for executive relocation. | 10             |
| 6. Enhance the streetscape and pedestrian experience.   | 5              |
| 7. Historic Preservation. Preservation/rehabilitation of a locally significant historic structure.  | 5              |
| 8. Provides direct benefit to distressed areas through blight elimination.  | 15             |
| 9. Quality of development and overall aesthetics (architectural, site design, landscaping, etc.) beyond that which is minimally required by the Zoning Ordinance.   | 5              |
| 10. Higher standards of Building Design, Materials, and Energy Efficiency such as meeting LEED certification, Energy Star, etc.   | 5              |

## Process of TIF Approval:

Tax Increment District creation requires following statutory prescribed timelines that include notification to the overlying taxing jurisdictions (i.e. public school district, technical college, county, Village), property owners within the district, and published meeting notification in the

newspaper. Ultimately CDA, Village Plan Commission and BOT must approve the TIF creation request.

1. A pre-application meeting is held between the developer and Village staff and advisors.
2. A Tax Incremental Financing Application is submitted by the developer to the Village.
3. The Village will review the Application and determine completeness and whether the proposed project is eligible under the Village's policy and statutory requirements.
4. An analysis of the TIF Plan and financial proformas will be conducted by Village staff and/or outside consultants.
5. Within ninety (90) days of receipt of a completed application staff will schedule a public hearing before the CDA on the Project Plan and District Boundaries. If approved by the CDA, the Project Plan and recommended boundaries will be sent to the BOT for review. There is a minimum 14 day wait from the public hearing to BOT review.
6. The BOT may approve or deny the proposal to create the Tax Increment District. The BOT may also adjust the boundaries (retraction only) of the proposed district from that which was recommended by the CDA. **If approved, the plan is forwarded to the Joint Review Board to make the final determination that the development will not proceed "but for" the use of TIF.**
7. If approved, a Development Agreement is drafted and negotiated between the Village and developer.
8. Once general agreement has been reached on the terms of the Development Agreement, it will require approval by the CDA and BOT.
9. Execution of the Development Agreement between the Village and developer.  
**Should require a business plan with a minimum of three years revenue and expenditure.**

### **Structure for Tax Incremental Financing Assistance:**

1. Tax Incremental Financing assistance will be provided by the Village on a "pay-go" note method or via bond proceeds. Requests for up-front financing may be considered on a **case-by-case basis** if increment generation is sufficient to meet initial financing and debt service costs and is not the first dollars spent on a project.
2. For "pay-go" structured projects, the project owner shall agree to pay all other outstanding Village of Hales Corners property tax bills prior to disbursement of any pay-go payments by the Village.
3. The Village will not provide mortgage guarantees.
4. The Village will require a personal guaranty (or other forms of guaranty) for receiving TIF assistance. The amount and form shall be acceptable to the Village.
5. The property owner shall agree not to protest to the Board of Review or Circuit Court the Village assessor's determination of the property value for the properties for which the grant is requested.
6. The Village will retain a maximum of **10%** of any tax increment received from the project to reimburse for administrative costs. Until such time as the project generates

positive tax increment, the Village will charge an administrative fee to the developer to partially offset the cost of record keeping, report preparation, and accounting.

7. When the project is intended as a for-sale development (i.e., office, retail or residential condominiums), the developer must retain ownership of the overall project until final completion; provided, however, that individual condominium units may be sold as they are completed. For all other projects, the developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management and to initiate payment of taxes based on the increased project value.
8. Projects receiving assistance will be subject to a “look back” provision. The look back mandates a developer to provide the Village or its financial advisor with evidence of its annualized cumulative internal rate of return on the investment (IRRI) at specified periods of time after project completion. The IRRI shall be calculated with equity, revenues, and expenses in accord with generally accepted accounting principals. When the developer owns the subject property and rents space to tenants, supporting documentation shall include certified records of project costs and revenues including lease agreements and sales on a per square foot basis. If the records indicate that the developer has received a higher return on equity, a higher return on cost, or a higher internal rate of return than originally proposed to the Village at the time of development agreement, the developer and the Village shall split the increase above the originally projected rates of return at a ratio reasonably acceptable to the Village. When the subject property is a for-sale development and the IRRI cannot be completed, the developer is to provide financial data after the project is completed. This shall include a calculation of profit on total development costs minus the TIF assistance. If the financial records indicate that the developer has received a higher return on equity, a higher return on cost, or a higher internal rate of return than originally contemplated at the time of development agreement approval, the developer and the Village shall split any increase at or above original projected rates of return at a ratio reasonably acceptable to the Village.
9. The Village reserves the right to amend, modify, or withdraw these policies or require additional statements or information as it deems reasonably necessary. Any party requesting waiver or modification from the guidelines found herein or on any other forms provided for TIF assistance may do so on forms provided by the Village with the burden being on the requestor to demonstrate that the exception to these policies is in the best interests of the Village.

Please complete and submit the following information to the Village of Hales Corners for a more detailed review of the feasibility of your request for Tax Incremental Financing (TIF) assistance. The application is comprised of five parts:

1. Applicant Information
2. Project/Property Information
3. Project Narrative
4. Project Budget/Financial Information
5. Buyer Certification and Acknowledgement.

Where there is not enough space for your response or additional information is requested, please use an attachment. Use attachments only when necessary and to provide clarifying or additional information.

The CDA initially reviews and considers all applications for TIF assistance. Failure to provide all required information in a complete and accurate manner could delay processing of your application and the CDA reserves the right to reject or halt processing the application for incomplete submittals.

For further information please refer to the “Village of Hales Corners Tax Incremental Financing Policy” document.

## Applicant Information:

Legal Name: [REDACTED]

Mailing Address: [REDACTED]

Primary Contact #: [REDACTED] Cell #: [REDACTED]

E-mail: [REDACTED] FAX #: [REDACTED]

Attorney: [REDACTED]

Legal Entity: Individual(s) [REDACTED] Joint Tenants [REDACTED] Tenants in Common [REDACTED]

Corporation [REDACTED] LLC [REDACTED] Partnership [REDACTED] Other [REDACTED]

If not a Wisconsin corporation/partnership/LLC, state where organized: [REDACTED]

Will a new entity be created for ownership? Yes [REDACTED] No [REDACTED]

Principals of existing or proposed corporation/partnership/LLC and extent of ownership interest.

Name:

Address:

Title:

Interest:

[REDACTED]

Is any owner, member, stockholder, partner, officer or director of any previously identified entities, or any member of the immediate family of any such person, an employee of the Village of Hales Corners? Yes [REDACTED] No [REDACTED]

If yes, give the name and relationship of the employee: [REDACTED]

Have any of the applicants (including the principals of the corporation/partnership/LLC) ever been charged or convicted of a misdemeanor or felony? Yes  No

If yes, please furnish details:

## Project/Property Summary:

Overall Project Summary and Objectives: [REDACTED]

Current and Proposed Uses: [REDACTED]

Description of End Users: [REDACTED]

### **Property Summary:**

Parcel/Land Area: [REDACTED] SF

Building Area: [REDACTED] SF

# of Dwelling Units: [REDACTED]

# of Stories: [REDACTED]

# of Parking Spaces: [REDACTED]

Describe any zoning changes that will be needed: [REDACTED]

Identify any other approvals, permits or licenses (i.e. Liquor License, Health Department, etc): [REDACTED]

Describe briefly what the project will do for the property and neighborhood: [REDACTED]

## Project/Property Summary:

### Project Timetable

### Date

Final Plan/Specification Preparation: [REDACTED]

Bidding and Contracting: [REDACTED]

Firm Financing Approval: [REDACTED]

Construction/Rehabilitation: [REDACTED]

Landscaping/Site Work: [REDACTED]

Occupancy/Lease Up: [REDACTED]

### Development Team

Developer: [REDACTED]

Architect: [REDACTED]

Surveyor: [REDACTED]

Contractor: [REDACTED]

Other Members: [REDACTED]

Describe Team expertise and experience in developing similar projects: [REDACTED]

Other current Team projects in development: [REDACTED]

Financial ability of the applicant to complete the project: [REDACTED]

Full and part-time jobs to be created by the proposed project including estimated salary: [REDACTED]

### Professional Studies

**Market Studies:** Applications for commercial and residential projects must include a comprehensive market study. The market study must identify target markets, analysis of competition, demographics, market rents, letters of intent/interest from prospective tenants, or for housing developments, sale prices or rental rates of comparable properties.

**Appraisal:** All projects that involve the transfer of land must include a recent appraisal. Projects that include land as a form of equity or collateral must also submit a recent appraisal. The appraisal must value the property “as is”, and the impact on value must be considered for such items as demolition, environmental remediation, relocation of utilities, lease buy-outs, and other work necessary to make the site developable. The property must be valued assuming that the highest and best use is the proposed use.

**Project Budget/Financial Information:**

**Sources and Uses of Funds**

Identify the sources of funds used to finance the project. Typical sources include equity, lender financing, mezzanine financing, government financing, other anticipated types of public assistance, and any other types or methods of financing.

| Use of Funds                    | Amount(\$) | \$/SF of Building Area |
|---------------------------------|------------|------------------------|
| Land Acquisition:               |            |                        |
| Demolition:                     |            |                        |
| Environmental Remediation:      |            |                        |
| Site Clearance and Preparation: |            |                        |
| Soft Costs/Fees:                |            |                        |
| Soft Costs Contingency:         |            |                        |
| Hard Construction Costs:        |            |                        |
| Total Project Costs:            |            |                        |

**Sources of Funds** **% of total**  
**project costs**

**Equity**

|                         |    |   |
|-------------------------|----|---|
| Developer Equity:       | \$ |   |
|                         |    | % |
| Deferred Developer Fee: | \$ |   |
|                         |    | % |
| Other Equity: ( )       | \$ |   |
|                         |    | % |
| Total Equity:           | \$ |   |
|                         |    | % |

**Loans**

|                         | Rate | Term |
|-------------------------|------|------|
| Construction Financing: | \$ % | mos. |
| Permanent Financing:    | \$ % | yrs. |
|                         |      | %    |

**TIF Assistance**

|            |    |   |
|------------|----|---|
|            | \$ |   |
|            |    | % |
| Other: ( ) | \$ |   |
|            |    | % |

**Total Sources of Funds** \$ 100%

**Financing**

**Source Amount** **Terms: Years/Interest** **Contact**  
**Information**

|         |    |
|---------|----|
| Equity: |    |
| Loans   | 1: |
|         | 2: |
|         | 3: |
|         | 4: |

Note that the Village reserves the right to require the developer to prepare and submit a construction period Sources and Uses of Funds schedule and a permanent (post-construction/operating) Sources and Uses of Funds schedule.

**Supplemental Information:**

**Detailed Pro Forma** (must correspond to line items for Uses of Funds on previous page)

|   |    |  |
|---|----|--|
| <b>Land Acquisition</b>                     | \$ |  |
| <b>Demolition</b>                           | \$ |  |
| <b>Site Clearance and Preparation</b>       |    |  |
| Infrastructure                              | \$ |  |
| Utilities/removal                           | \$ |  |
| Utilities/relocation                        | \$ |  |
| Utilities/installation                      | \$ |  |
| Hazardous Materials Removal                 | \$ |  |
| Other ( )                                   | \$ |  |
| <b>Total Site Clearance and Preparation</b> |    |  |
| <b>Soft Costs/Fees</b>                      |    |  |
| Project Management ( %)                     | \$ |  |
| General Contractor ( %)                     | \$ |  |
| Architect/Engineer ( %)                     | \$ |  |
| Developer fee ( %)                          | \$ |  |
| Appraisal                                   | \$ |  |
| Soil Testing                                | \$ |  |
| Market Study                                | \$ |  |
| Legal/Accounting                            | \$ |  |
| Insurance                                   | \$ |  |
| Title/Recording/Transfer                    | \$ |  |
| Building Permit                             | \$ |  |
| Mortgage Fees                               | \$ |  |
| Construction Interest                       | \$ |  |
| Commissions                                 | \$ |  |
| Marketing                                   | \$ |  |
| Real Estate Taxes                           | \$ |  |
| Other Taxes                                 | \$ |  |
| Other ( )                                   | \$ |  |
| Other ( )                                   | \$ |  |
| <b>Sub-total soft Costs/Fees</b>            | \$ |  |
| Soft Cost Contingency                       | \$ |  |

## **Supplemental Information: Pro Forma Income and Expense Schedule**

Applicants whose projects involve the rental of commercial, retail, industrial, or living units must submit project pro formas that identify income and expense projections on an annual basis for a minimum five-year to a maximum eleven-year period. If you expect a reversion of the asset after a holding period please include that in your pro forma as well. Please check with Village staff to determine the time period needed for the pro forma. Identify all assumptions (such as absorption, vacancies, debt service, operational costs, etc.) that serve as the basis for the pro formas. **Two sets of pro formas are to be submitted. The first set should show the project without TIF assistance and the second set with TIF assistance.**

For owner-occupied industrial and commercial projects, detailed financial information must be presented that supports the need for financial assistance (see below).

### **Analysis of Financial Need**

Each application must include financial analyses that demonstrate the need for TIF assistance. **Two analyses must be submitted: one WITHOUT TIF assistance and one WITH TIF assistance.** The applicant must indicate the minimum return or profit the applicant needs to proceed with the project and rationale for this minimum return or profit. The analyses will necessarily differ according to the type of project that is being developed.

**Rental Property:** For projects involving rental of space by the developer to tenants (tenants include offices, retail stores, industrial companies, and households), an internal rate of return on equity must be computed with and without TIF assistance based on the pro forma of income and expense prepared for the **Income and Expense Schedule** below. The reversion at the end of the ten-year holding period must be based on the capitalized 11th year net operating income. The reversionary value is then added to the 10th year cash flow before discounting to present value. State all assumptions to the analyses.

**For Sale Residential:** Show profit as a percent of project cost (minus developer fee and overhead and minus sales commissions and closing costs, which should be subtracted from gross sales revenue). Other measure of profitability may be submitted, such as profit as a percent of sales revenue. **Advise not to incentivize single-family housing (unless blight/rehab TIF).**

**Mixed Use Commercial / For-Sale Residential:** Provide either separate analyses for each component of the project or include in the revenue sources for the for-sale portion, the sale value of the commercial component based on the net operating income of the commercial space at stabilization. Indicate how the sale value was derived.

**Owner-Occupied Commercial:** For projects, such as “big-box” retail projects, provide copies of the analyses that the company needs to meet or exceed the company’s minimum investment threshold(s) for proceeding with the project.

**Competitive Projects:** In instances where the Village is competing with other jurisdictions for the project (e.g., corporate headquarters, new manufacturing facility or retail/commercial development), present detailed analyses that demonstrate the capital and operating cost differential between the proposed location(s) in Hales Corners and locations that are seriously being considered by the applicant.

# Supplemental Information: Revenue Projections – Rental Project

| Year 11  | Year 1 | Year 2 | >> |
|--|--------|--------|----|
| Income rent per sf (or avg.)   | \$     | \$     | \$ |
| Commercial Rent  | \$     | \$     | \$ |
| Commercial Expense Recoveries  | \$     | \$     | \$ |
| Residential Rent   | \$     | \$     | \$ |
| Other Revenue ( )  | \$     | \$     | \$ |
| <b>Gross Potential Income</b>  | \$     | \$     | \$ |
| Commercial Vacancy %   | \$     | \$     | \$ |
| Residential Vacancy %  | \$     | \$     | \$ |
| <b>Effective Gross Income (EGI)</b>                                    | \$     | \$     | \$ |
| <b>Expenses</b>  |        |        |    |
| Maintenance & Repairs  | \$     | \$     | \$ |
| Real Estate Taxes  | \$     | \$     | \$ |
| Insurance  | \$     | \$     | \$ |
| Management Fee   | \$     | \$     | \$ |
| Professional Fees  | \$     | \$     | \$ |
| Other Expense ( )  | \$     | \$     | \$ |
| Other Expense ( )  | \$     | \$     | \$ |
| <b>Total Expenses</b>  | \$     | \$     | \$ |
| <b>Net Operating Income (NOI)</b>                                      | \$     | \$     | \$ |
| Capital Expenses ( <i>reserves, tenant improvements, commissions</i> ) | \$     | \$     | \$ |
| Debt Service   | \$     | \$     | \$ |
| <b>Net Cash Flow (before depreciation)</b>                             | \$     | \$     | \$ |
| <b>Reversion in Year 10</b>  |        |        |    |
| Year 11 NOI before Debt & Capital Expenses                             | \$     |        |    |
| Capitalization Rate  | \$     |        |    |
| Gross Reversion  | \$     |        |    |

# Supplemental Information: Revenue Projects – For-Sale Project

| Gross Sales Revenue<br>Housing Units | Unit Type*       | Number         | Price/Unit          |    |
|--------------------------------------|------------------|----------------|---------------------|----|
|                                      |                  |                | \$                  | \$ |
|                                      |                  |                | \$                  | \$ |
|                                      |                  |                | \$                  | \$ |
|                                      |                  |                | \$                  | \$ |
|                                      |                  |                | \$                  | \$ |
|                                      |                  |                | \$                  | \$ |
|                                      |                  |                | \$                  | \$ |
|                                      |                  |                | \$                  | \$ |
|                                      |                  |                | \$                  | \$ |
| <b>Total Housing Sales:</b>          |                  |                |                     | \$ |
| <i>*affordable units if any</i>      |                  |                |                     |    |
| <b>Housing Unit Upgrades:</b>        |                  |                |                     | \$ |
| <b>Commercial Space</b>              | <b>Unit Type</b> | <b>Size-sf</b> | <b>Price per sf</b> |    |
|                                      |                  |                | \$                  | \$ |
|                                      |                  |                | \$                  | \$ |
|                                      |                  |                | \$                  | \$ |
| <b>Total Commercial Sales:</b>       |                  |                |                     | \$ |
| <b>Total Gross Sales Revenue</b>     |                  |                |                     | \$ |
| <b>Cost of Sales</b>                 |                  |                |                     |    |
| Commissions                          |                  | %              | \$                  |    |
| Marketing                            |                  | %              | \$                  |    |
| Closing                              |                  | %              | \$                  |    |
| Other Costs ( )                      |                  | %              | \$                  |    |
| <b>Total Costs of Sales</b>          |                  | %              |                     | \$ |
| <b>Net Sales Revenue</b>             |                  |                |                     | \$ |

## **Attachments:**

### **Summary Letter**

Provide a summary of the project in the form of a letter addressed to the Village Manager. The letter should not exceed two (2) pages in length and should include only the following essential information about the project:

- Description of site or building
- Current and proposed uses
- Description of end users
- Project start and end dates
- Profitability
- Description of public benefits, including job creation.
- Overview of private-sector financing
- Amount of TIF assistance requested
- Summary of increment projections
- Name of developer and owner
- Total development costs
- Statement regarding why TIF is essential and why the “but for” provision will be met.

Note: In the “but for” discussion you must clearly describe why TIF is needed to help this project and why the project will not/cannot proceed without such support. Failure to clearly provide the “but for” explanation will delay action on your application.

### **Project Narrative**

Provide an in-depth overview of the project in narrative format. The narrative must include a description of the following aspects of the project:

- Current condition of the site and historical overview that includes the size and condition of any existing structures, environmental conditions, and past use of the site.
- Proposed uses (s) of project (e.g. industrial, commercial, retail, office, residential for sale or for rental, senior housing, etc.)
- Construction information about the project including: size of any existing structure to be demolished or rehabbed; size of any new construction: types of construction materials (structural and finish); delineation of square foot allocation by use; total number and individual square footage of residential units: type of residential units (e.g. for-sale, rental, condominium, single-family, etc.); number of affordable residential units; number and type of parking spaces; and construction phasing.
- If in an existing TID or redevelopment area, confirm that this project is consistent with the goals and objectives in the Project or Redevelopment Plan.
- A summary of the proposed “green” features to be included in the project. All projects that receive TIF assistance are encouraged to include environmentally friendly features.

## Filing Requirements

You must provide all of the following items with your signed application:

1. **Fee:** An application fee of 1% of the requested TIF assistance or \$10,000, whichever is greater. This fee is to cover Village costs associated with evaluating the TIF application and does not cover the use of outside consultants, which if required will be paid for by the applicant. Make your check payable to the Village of Hales Corners.
2. **Site Maps:** Provide a map that shows the location of the site. Also provide a map that focuses on the project and its immediate surroundings. Both maps should be no larger than 11x17 inches. Larger maps will be provided upon request.
3. **Project Renderings:** Provide preliminary architectural drawings, plans and renderings for the project. These drawings should be no larger than 11x17 inches. Larger maps will be provided upon request.

## Filing Requirements, Notes, Certification and Agreement:

### Notes

- The Village charges an administrative fee of 5% of the annual tax increment revenue.
- If the project requires planning and zoning approvals, you must make these applications concurrent with this request.

### Agreement

By signing this application, I agree to the following:

1. I have read and will abide by all the requirements of the Village for Tax Incremental Financing.
2. The information submitted is correct.
3. I agree to pay all costs involved in the legal and fiscal review of this project. These costs may include, but not be limited to, bond counsel, outside legal assistance, and outside financial assistance, and all costs involved in the issuance of the bonds or loans to finance the project.
4. I understand that the Village reserves the right to deny final approval, regardless of preliminary approval or the degree of construction completed before application for final approval.
5. The undersigned authorizes the Village to check credit references and verify financial and other information.
6. The undersigned also agrees to provide any additional information as may be requested by the Village after filing of this application.

Applicant Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_