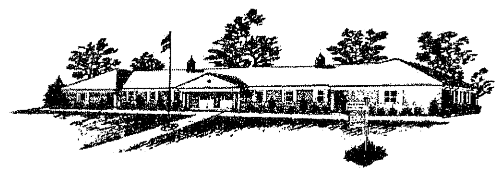
Village of Hales Corners

5635 S. New Berlin Road
Hales Corners, WI 53130
Phone: (414) 529-6161
Fax: (414) 529-6179
www.halescorners.org



James R. Ryan Municipal Building

PLAN COMMISSION
August 24, 2026 (Monday) - 6:00 PM

Notice is hereby given that the Plan Commission 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 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 Community Development Authority 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 Corners Plan Commission upon the subject matters listed for item 2.0 below.]

Discussion and possible action by Commission on agenda items.

1.0 Roll Call
2.0 Discussion and possible action on Tax Incremental Finance and TIF Assistance Policy
3.0 Adjournment

Rachel Pocquette
Rachel Pocquette, Administrator/Clerk
August 20, 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

Memo

To: Village Board

From: Rachel Pocquette, Village Administrator

Date: August 18, 2026

Re: Agenda Item : 6.1.1 TID Policy

Ehler's will be present to facilitate this discussion. A draft resolution is prepared in the event a final document is approved.

To: Sandra Kulik <skulik@halescorners.org>
Cc: Harry Allen <HAllen@ehlers-inc.com>
Subject: Village of Hales Corners Policy Review Updates

Hi Sandy,

Thank you for the opportunity to have our team at the Village last week! We've since made updates to the Village's policy per desired outcomes of the last discussion. I've attached an updated, complete version of the policy, as well as an updated redline to show comparison of the latest recommended policy to the Village's original/current policy. A few items to highlight:

- TIF Objectives:
    - Under item 1.b, updated the prior 'downtown' language to reflect the priority districts outlined in the Village's comprehensive plan
- Criteria for TIF Assistance:
    - MRO annual payback guideline – removed the specific 50% language, replaced with alternative language to allow this structure to be assessed on a case by case basis within each development review
    - MRO payback term – incorporated language to align the max payback term to the max life of the District based on District type. This ensures TID types with max lives beyond 20 years aren't restricted to a payback period less than its max life, but rather may be reviewed on a case by case basis. This updated language gives the Village options to expand that payback term if desired, but still expresses preference to the Village of prioritizing payback within 10 years (as also indicated earlier on under the policy criteria calculation section).
    - MRO TIF percent of total project cost – adjusted language to convey the Village's key strategic goals align with the Village's comprehensive plan
    - Land assembly cap – updated recommendation according to prior discussions; also added language to allow discretion to the Board to exceed the 10% limitation on a case by case basis so that this section does not become a barrier to any redevelopment for extraordinary land assemblage cost circumstances
- Structure of TIF Agreement
    - For-sale projects: the way that section reads without adding the language, 'improved lots,' means many subdivision type developments wouldn't be able to be supported by TID, as often developers will sell the lots prior to construction of the homes. Incorporating the alternative option of 'improved lots' as you'll see in the attached version would be a simple solution to this.

Please let us know if you have any questions or comments upon further review. Otherwise, please let us know how we can further support the Village in this effort and/or if you desire any follow up conversations from here.

Thank you,

Ariana Schmidt
Associate Municipal Advisor
O: (262) 796-6181 | **ehlers-inc.com**

EHLERS
PUBLIC FINANCE ADVISORS

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STATE OF WISCONSIN VILLAGE OF HALES CORNERS MILWAUKEE COUNTY

RESOLUTION NO. 26 - XX

A RESOLUTION ADOPTING A REVISED VILLAGE OF HALES CORNERS TAX INCREMENTAL FINANCING POLICY AND APPLICATION

WHEREAS, the Village Board and the Community Development Authority having considered the benefits to the Community of preparing and adopting a Tax Incremental Financing Policy and Application, for the purpose of articulating to the Community and 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 which provides a Community benefit that will ultimately be shared by all taxing jurisdictions (Village of Hales Corners, Whitnall School District, Milwaukee Area Technical College, Milwaukee County and State of Wisconsin) impacted through the establishment of a tax incremental district; and

WHEREAS, a Tax Incremental Financing Policy and Application was adopted on December 22, 2014; and

WHEREAS, recent changes to State law governing Tax Incremental Financing required review of the existing policy and application document and the Village of Hales Corners engaged a consultant to assist in revising the study, preparing a revised policy and application which has been recommended by Community Development Authority for approval and the Village Board having found same to be in the public interest and the furtherance of the promotion of the public health, safety and welfare.

NOW, THEREFORE, BE IT RESOLVED, by the Village Board of the Village of Hales Corners, Wisconsin, that the Village of Hales Corners Tax Incremental Financing Policy and Application, in the form and content as annexed hereto, be and the same is hereby adopted.

BE IT FURTHER RESOLVED, that the Village of Hales Corners Tax Incremental Financing Policy and Application shall be utilized by Village staff and Village decision-makers in matters concerning new development and redevelopment within the Village of Hales Corners.

PASSED AND ADOPTED this 22nd day of December, 2014.

____

Daniel J. Besson, Village President

(VILLAGE SEAL)

____

Rachel Pocquette, Village Administrator/Clerk

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 $15,000 to fund the costs of the independent proforma analysis.

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.

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:
    a. Improving infrastructure;
    b. Creating a variety of housing opportunities to increase the number of residents in the five key Districts/Corridors per the Village's latest Comprehensive Plan (including Village Center District; Forest Home Corridor; Janesville Corridor; Highway 100 Corridor; Southern Gateway Corridor);
    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. Leverage the maximum amount of private funding, grants, and/or state and federal sources to spur investment back into the community.

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. Eligible expenses are those that are included within the original or amended TID project plan for each district. Each TID's project plan will be considered separately and will exemplify the TID specific eligible projects.

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.

Policy 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:

<u>Criteria Maximum Points:</u>

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

    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:
    a. Remodeling/Rehabilitation/Demolition
    b. Environmental Remediation
    c. Capital purchases
    d. Facility expansion
    e. Public infrastructure (20)
5. Proposed employment potential.
    a. Number of new employees.
    b. Skill and education levels required for the jobs.
    c. Range of salary and compensation rates for the jobs as compared with the median income level for the community.
    d. Cost of public assistance per job.
    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)

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. **Annual Payback Guideline:** The amount of annual tax increment generated and pledged to a development during the Payback Term will be considered within each individual TIF assistance request. The appropriate payback percentage will be considered on a case-by-case basis.
c. **Payback Term:** TIF shall be provided for up to 20-years for Mixed-Use, Residential and Industrial TIDs, and up to 27-years for Blighted, Rehabilitation or Conservation, and Environmental Remediation TIDs, 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 Cost:** It is the preference of the Village that 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 as represented in the Village's Comprehensive Plan. 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 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 and property assembly costs may be provided as part of an overall project financing package. In evaluating such requests, the Village will consider the extent to which land assembly is necessary to facilitate the proposed development and

whether the total assistance is limited to the minimum amount needed to make the project financially feasible.

As a general guideline, TIF assistance attributable to land and property assembly will not exceed 10% of the fair market value of the land, as determined by an independent appraiser contracted by the Village at the developer's expense. The Village reserves the right to deviate from this guideline where warranted based on project-specific circumstances.

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. **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.

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. **Submission:** Developer submits all items as outlined in below list to the Village for consideration:
    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 in excel spreadsheet. 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 finance ability? (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 $xx, based on xx% of the annual TIF, for xx years)

3. **Completeness & eligibility review:** Village reviews the submission 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 $15,000 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.

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 such as a letter of credit) 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 during the term of the TIF 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/improved lots 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 memorials 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.

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.

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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.

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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 $15,000 to fund the costs of the independent proforma analysis.

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.

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

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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.

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TIF Objectives:

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

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1. Stimulate continued revitalization of the commercial areas of the Village by:
   a. Improving infrastructure;
   b. Creating a variety of housing opportunities to increase the number of residents in the five key Districts/Corridors per the Village's latest Comprehensive Plan (including Village Center District; Forest Home Corridor; Janesville Corridor; Highway 100 Corridor; Southern Gateway Corridor);
   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. Leverage the maximum amount of private funding, grants, and/or state and federal sources to spur investment back into the community.

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What Development is TID Eligible?

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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. Eligible expenses are those that are included within the original or amended TID project plan for each district. Each TID's project plan will be considered separately and will exemplify the TID specific eligible projects.

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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:

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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.

Policy 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.

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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.¶
Capital costs, including actual costs of: ¶
Construction of public works or improvements;¶
Construction of new buildings, structures, and fixtures;¶
Demolition, alteration, rehabilitation, repair or reconstruction of existing buildings, structures and fixtures, other than historic buildings and structures.¶
Acquisition of equipment to service the district;¶
Restoration of soil or groundwater affected by environmental pollution; and¶
Clearing and grading of land.¶
Real property assembly costs.¶
Professional service costs (planning, architectural ... [1]
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    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:
    a. Remodeling/Rehabilitation/Demolition
    b. Environmental Remediation
    c. Capital purchases
    d. Facility expansion
    e. Public infrastructure (20)
5. Proposed employment potential.
    a. Number of new employees.
    b. Skill and education levels required for the jobs.
    c. Range of salary and compensation rates for the jobs as compared with the median income level for the community.
    d. Cost of public assistance per job.
    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)

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. **Annual Payback Guideline:** The amount of annual tax increment generated and pledged to a development during the Payback Term will be considered within each individual TIF assistance request. The appropriate payback percentage will be considered on a case-by-case basis.

c. **Payback Term:** TIF shall be provided for up to 20-years for Mixed-Use, Residential and Industrial TIDs, and up to 27-years for Blighted, Rehabilitation or Conservation, and Environmental Remediation TIDs, 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 Cost:** It is the preference of the Village that 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 as represented in the Village's Comprehensive Plan. 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.

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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 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.

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b. **Land Assembly Cap:** TIF assistance for land and property assembly costs may be provided as part of an overall project financing package. In evaluating such requests, the Village will consider the extent to which land assembly is necessary to facilitate the proposed development and whether the total assistance is limited to the minimum amount needed to make the project financially feasible.

As a general guideline, TIF assistance attributable to land and property assembly will not exceed 10% of the fair market value of the land, as determined by an independent appraiser contracted by the Village at the developer's expense. The Village reserves the right to deviate from this guideline where warranted based on project-specific circumstances.

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. **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.

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. **Submission:** Developer submits all items as outlined in below list to the Village for consideration:
   1. **Sources and Uses** – Provide detailed uses of funds (total development costs) and details of each source of funds (equity, loans, grants, etc.)

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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 finance ability? (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 $xx, based on xx% of the annual TIF, for xx years)

3. **Completeness & eligibility review:** Village reviews the submission 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 $15,000 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.

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,

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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 such as a letter of credit) 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 during the term of the TIF 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/improved lots 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 memorials 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

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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.

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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.¶
Village of HC TIF Policy (Revised 12/2014)¶
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 no t 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 appli ... [10]

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