



Tax Incremental Financing Policy, Process & Application



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TAX INCREMENT FINANCING

INTRODUCTION



Financial assistance from the Village of Pepin TIF program for private development or redevelopment projects shall be evaluated according to Wisconsin law and this policy. Variations from this policy may be considered for projects that provide extraordinary benefits to the community in terms of tax base, job creation or retention, improvements to public infrastructure, or other advantages to the Village economy.

The Village of Pepin shall evaluate all requests for TIF assistance using the “but for” standard and utilizing a financial gap analysis. Each project must demonstrate that “but for” a TIF, the project would not be financially feasible. The financial gap analysis should demonstrate the minimum amount of TIF assistance needed as gap financing to make the project financially feasible.

The Village Board in its sole authority may approve or disapprove any TIF requests as it deems appropriate. ***The goals, guidelines, and descriptions below should not be seen as anything but goals and guidelines and do not bind the Village Board in any way to approve or deny an individual request.*** Additionally, approval or disapproval of any TIF request does not establish precedent obligating the Village Board to approve or disapprove any future TIF requests.

TIF Goals

1. Growing the property tax base.
2. Fostering the creation and retention of quality jobs for individuals of all backgrounds and abilities.
3. Redeveloping blighted areas to improve public health and wellbeing.
4. Promoting infill development and redevelopment that can achieve the highest and best use of land.
5. Incentivizing the development of a range of workforce housing options that can close the housing affordability gap.
6. Implementing adopted Village plans and policies, particularly the Village Comprehensive Plan.
7. Ensuring that sufficient increment is available to fund public infrastructure projects as described in TID project plans.

TAX INCREMENT FINANCING

POLICY & Guidelines



The following criteria are generally used by the TIF Committee and Village Board to evaluate requests for TIF:

1. All requests for TIF must clearly comply with the requirements of State Statutes, the policies and guidelines contained within this document, and the adopted Project Plan for the TID in question.
 - a. Wisconsin Department of Revenue TID information:
www.revenue.wi.gov/Pages/SLF/tif.aspx
2. Each request for TIF must demonstrate the “but for” the use of TIF, the project is not feasible on the proposed site and that public benefits would not be achieved. In certain circumstances, the Village may require an applicant to hire, on behalf of the Village, an independent consultant to verify an applicant’s pro forma to ensure compliance with the “but for” test.
3. All requests for TIF that require Village expenditures as part of the project must demonstrate that the property tax payments expected to be generated by the project will be sufficient to service any tax increment debt incurred in support of the project. The TIF Committee and Village Board may waive this requirement for projects which, in the TIF Committee and Village Boards determination, provide extraordinary public benefit.
4. The actual amount of TIF funds that may be provided to a project will be determined at the discretion of the Village Board on the basis of need, risk, project characteristics, developer qualifications and the degree to which the project meets the public objectives. The TIF Committee is not obligated to provide TIF funds to any project and may reject requests for TIF for any reason, even if the project meets all criteria described herein.
5. The capital stack must illustrate a reasonable financial commitment on the part of the applicant, and indicate the applicant’s demonstrated ability to invest in, manage, complete, and operate a project of the proposed value and scale. Requests for TIF must include a discussion and/or evidence whether the applicant:
 - a. Could contribute equity of at least ten percent (10%) of, the total cost of the project. Projects with equity contributions from the developer in excess of 15% may be viewed more favorably.
 - b. Could provide a performance bond for the completion of the project.
 - c. Has thoroughly explored alternative financing methods.
6. The Village Board will enter into a development agreement with the applicant for each project which has been approved for TIF. The development agreement will describe the obligations of both the Village Board and the developer, and terms and conditions associated with TIF funds. Development agreements may require additional security in the form of a letter of credit and/or a personal guarantee by all applicants, partners and others as deemed appropriate by the Village Board.

TAX INCREMENT FINANCING

TIF ASSISTANCE CRITERIA



The following financial criteria are typically used in order to be considered for TIF assistance when requesting upfront financial support.

1. **Equity Requirement** - Developers are strongly encouraged to provide a minimum of 10% equity of total project costs. Projects that exceed the 10% equity 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. TIF shall not be used to supplement cash equity.
2. **Payback Period** – 20 year maximum payback period. Preference will be given to projects with payback periods of 10 years or under.
3. **TIF Cap** – The total amount of TIF assistance should not exceed 35% of the total project costs. This limitation may be waived upon approval of the Village Board.
4. **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.
 - a. No increment from other private development projects within the district may be used to supplement another project's inability to generate sufficient tax increment to cover project costs.
5. **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.
6. **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 the Village's financial advisor. In no case shall the internal rate of return exceed 30%.
7. **Taxable Increase** – The project should result in an increase in taxable valuation of at least 20% upon project completion.

TAX INCREMENT FINANCING

ELIGIBLE COSTS



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

1. Capital costs, including actual costs of:
2. Construction of public works or improvements;
 - a. Construction of new buildings, structures, and fixtures.
 - b. Demolition, alteration, rehabilitation, repair or reconstruction of existing buildings, structures and fixtures, other than historic buildings and structures.
 - c. Acquisition of equipment to service the district
 - d. Restoration of soil or groundwater affected by environmental pollution.
 - e. Clearing and grading of land.
3. Real property assembly costs.
4. Professional service costs (planning, architectural, engineering and legal).
5. Relocation costs.
6. Environmental remediation.
7. Organizational costs (environmental and other studies, publications and notification costs).

TAX INCREMENT FINANCING

Application PROCESS



1. **Fees and Escrow Deposit:** Process fees are based on project size. Projects up to \$250,000 are assessed a fee of \$500 and projects \$250,001 or more are assessed a fee of \$1,000. In addition, the applicant may be required to submit an initial escrow deposit in the amount of \$2,500 per application, with additional payments in increments of \$2,500 as needed, to reimburse fees for professional services incurred by the Village related to the review of the application and/or development agreement. Any and all interest earned for monies in escrow will be donated to a local Not for Profit.
2. **Application:** Application materials, including the required fee and escrow shall be submitted to the Village Clerk / Treasurer who will notify the TIF Committee of the application submission.
3. **TIF Committee Recommendation:** Within 30 days of receiving the TIF Application, the TIF Committee shall meet and review each application. The TIF Committee may also refer the application to the Planning Commission for further review prior to making a recommendation to the Village Board. The applicant will be notified of the date of the meeting(s)¹ in which the application is reviewed. Applicants will be required to be present, either in person or through technology, at the TIF Committee meeting to answer questions regarding the proposed project. The TIF Committee will make a recommendation to the Village Board to approve, approve with conditions, deny the application, or table the application pending further discussion or information by the applicant.
4. **TIF Committee Referral:** Applicants may be referred to the Villages Planning Commission to discuss the proposed project in order to gain better insight on how to design the project to meet the villages planning objectives and applicable zoning requirements. *Note** it is not the intent of the Planning Commission to make recommendation regarding the financing requested.*
5. **Village Board Preliminary Approval:** The application will be reviewed by the Village Board at its next scheduled meeting following action by the TIF Committee. The applicant will be notified of the date of the Village Board meeting(s)¹ in which the application is reviewed. Applicants will be required to be present, either in person or through technology, at the Village Board meeting to answer questions regarding the proposed project. The Village Board at their discretion may refer the matter to another Village committee for recommendation or may hold a public hearing. The Village Board may approve, approve with conditions, deny the application, or table the application pending further discussion or information by the applicant. *Note**at this stage in the process the Village Board may make a determination as to whether to provide TIF assistance, a maximum amount of assistance, the form of incentives, and required assurances. These decision points will provide parameters for the TIF Committee and the applicant to negotiate a draft Development Agreement for future consideration by the Village Board.*

¹ The TIF Committee and/or the Village Board may meet in closed session, pursuant to Wisconsin statutes, to deliberate or negotiate the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require closed session, specifically, to discuss the TIF application or Development Agreement.

6. **Draft Development Agreement:** Upon preliminary approval of the TIF Application by the Village Board, TIF Committee shall work with the Developer to create a draft Development Agreement based on the direction provided by the Village Board. The draft Development Agreement will be reviewed with the applicant. The Development Agreement will describe the obligations of both the Village and the applicant, and terms and conditions of the TIF assistance.
7. **Village Board Final Approval:** The Development Agreement will be reviewed by the Village Board. The applicant will be notified of the date of the Village Board meeting(s)¹ in which the application is reviewed. Applicants will be required to be present, either in person or through technology, at the Village Board meeting to answer questions regarding the proposed project. The Village Board may approve, approve with conditions, deny the application, or table the application pending further discussion or information by the applicant. *Note** the applicant shall also be responsible for submitting other documentation in order to gain required zoning or building permit approvals.*
8. **Expiration:** Approved TIF applications shall become void if after six months (6) from the date of approval the applicant and Village have not executed the Development Agreement, unless both parties agree to an extension.

TAX INCREMENT FINANCING APPLICATION



Applicant Information

Applicant Name: _____

Project Name: _____

Mailing Address: _____

Primary Contact: _____ Phone: _____

Email: _____ Fax: _____

Legal Entity: ☐ Individual(s) ☐ Joint Tenant(s) ☐ Tenants in Common ☐ LLC
☐ Corporation ☐ Partnership Other: _____

If not a Wisconsin corporation / partnership / LLC, state where organized: _____

Will a new entity be created for ownership? ☐ No ☐ Yes

Principals of existing or proposed corporation / partnership / LLC and extent of ownership interests:

Name	Address	Title	Interest

Is any owner, member, stockholder, partner, officer or director of any previously identified entities or to be created entities (through new ownership) or any member of the immediate family of any such person, an employee, member or elected official of the Village of Pepin? ☐ No ☐ Yes

If yes, give the name and relationship of the person / employee:

Property Information

Which TID is the property located in: ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7

Parcel(s) Address: _____

Parcel(s) Tax Number: _____

As the applicant, are you the property owner of the parcel(s)? ☐ No ☐ Yes

If no, current owner is: _____

If no, do you have an agreed upon option to purchase the property? ☐ No ☐ Yes (provide documentation and note the expiration date here: _____)

Total Lot Size: _____ ☐ square feet ☐ acres

Parcel Contains Existing Buildings? ☐ No ☐ Yes

If yes, indicate Total Building Size: _____ sq. ft. And Total Number Buildings: _____

Most recent Property Assessment:

\$ _____ Land \$ _____ Improvements \$ _____ Total

Taxable Value Upon Completion:

\$ _____ Land \$ _____ Improvements \$ _____ Total

Existing Zoning: _____ Will a zoning change be requested? ☐ No ☐ Yes

If yes, indicate new zoning: _____

At project completion, will the applicant own, lease, or convert the property to condo ownership?

☐ Own ☐ Lease ☐ Convert to Condo Ownership

Description of end users: ☐ Rental ☐ Owner Occupied ☐ Commercial

Has any portion of the project been started or completed? ☐ No ☐ Yes

If the project is for residential housing, complete the list below:

Unit Type	# of Units	# of Bedrooms	Avg Sq Ft	Avg Rent*	Avg Sale Price**

* If units are to be rentals

** If units are to be sold

Project Description

Describe the project for which the applicant is requesting TIF. Include a discussion of how this project serves to advance the Village TIF Goals as stated on page 3 of this document.

[illegible]

Public Infrastructure and Services

Applicant shall specifically describe the impact the proposed project will on public infrastructure and services (e.g. traffic, sewer, water, storm water, public safety). Itemize all public infrastructure required to meet the needs of the project. Provide detailed justification for each.

[illegible]

Job Creation and Retention

Will the proposed project utilize and employ locally sourced trades persons / laborers during the construction / renovation phase of the project? ☐ No ☐ Yes

Upon project completion, will there be job retention or creation of new permanent jobs?

☐ No ☐ Yes If yes, describe the number of Full Time and Part Time positions with average annual compensation and if benefits are offered.

	# of Employees	Avg Wages/Salary	Benefit Package Included*
Full Time			
Part Time			
Total			

* Medical, Dental, Vision, PTO

Project Timeline

Step / Phase	Date
Final Plan / Specification Prep	
Bidding and Contracting	
Firm Financing Approval	
Construction / Rehabilitation	
Landscape / Site Work	
Occupancy*	

Project Budget Sources, Use of Funds & TIF Requested Amount(s)

Project Costs	Amount	Source(s) Financing
Property Acquisition		
Demolition		
Environmental		
Public Infrastructure		
Hard Construction Cost		
Architect & Engineering		
Other Soft Costs & Permits		
Financing Costs		
Development Fee		
Contingency		
Other:		
Other:		
Other:		
Total Project Costs		

Agreement

I, by signing this application, agree to the following:

- I have read and will abide by all the requirements of the Village for Tax Increment Financing.
- The information submitted is correct.
- 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.
- 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.
- The undersigned authorizes the Village of Pepin to check credit references and verify financial and other information.
- The undersigned also agrees to provide any additional information as may be requested by the Village after filing of this application.

Applicant Printed Name and Title

Applicant Signature

Date

Additional Applicant Printed Name and Title

Additional Applicant Signature

Date