



# Financing Tools for Silver Spring Drive

## “TIF” & “CDA”



**EHLERS**  
& ASSOCIATES INC

# FINANCIAL QUESTIONS

- WHAT ARE COSTS & WHO PAYS ?
- ARE THERE IMPACTS TO WHITEFISH BAY TAXPAYERS ?
- ARE THERE RISKS & CAN THEY BE LIMITED ?



# WISCONSIN TOOLS

- **“TIF”** = “Tax Incremental Financing”
- **“TID”** = “Tax Increment District”
- **“CDA”** = “Community Development Authority”



# TIF (Tax Incremental Financing)

- State Law Passed in 1976.
- To Stimulate Redevelopment that would Not Otherwise Occur.
- Allows Village to Capture ALL of the taxes from NEW development to pay for Costs of Development.



# HOW TIF WORKS

- DEFINE BOUNDARY OF TID.
  - Limit to 7% of Village Total Value.
  - Must be Contiguous.
- DEFINE PROJECT COSTS THAT YOU WANT TID TO PAY FOR.
- DO ECONOMIC FEASIBILITY ANALYSIS.

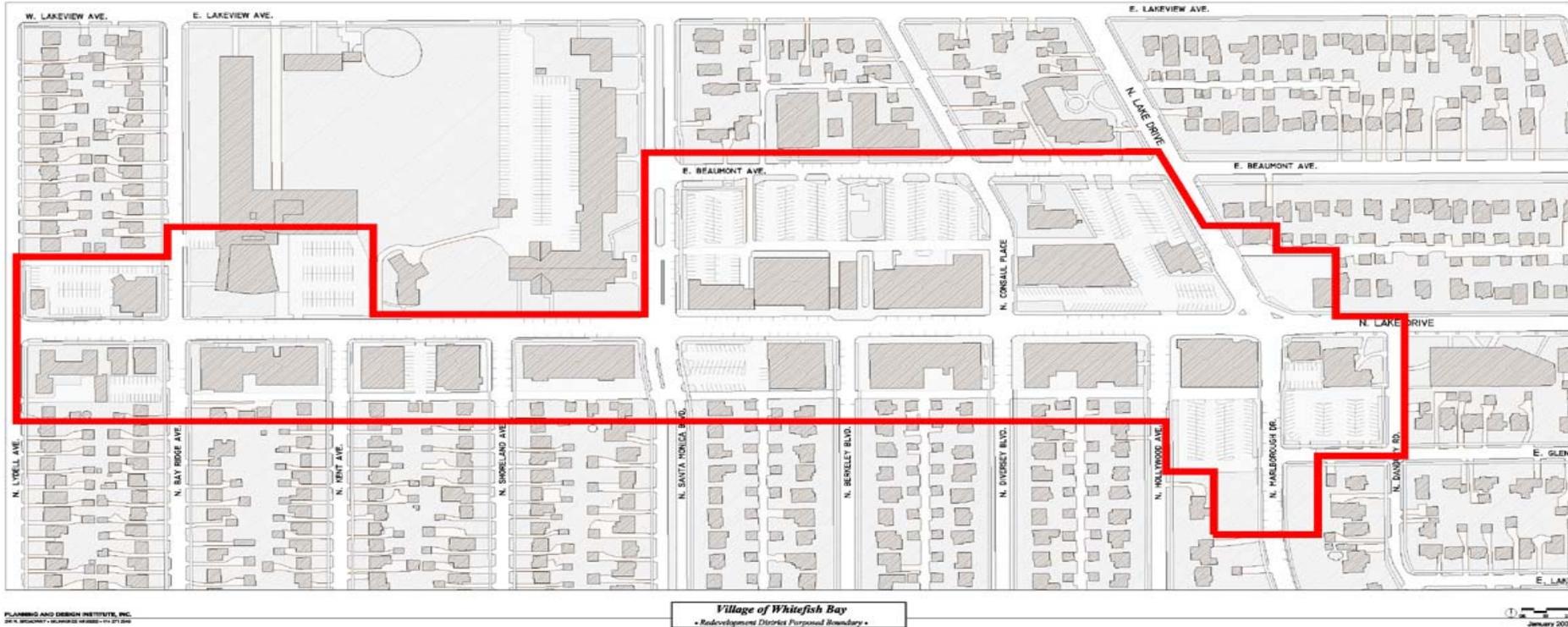


# HOW TIF WORKS

- COSTS OF REDEVELOPMENT.
  - Infrastructure (Roads, Lighting, Sewer, Water)
  - Property Acquisition, Land Writedown
  - Streetscape
  - Development Incentives.
- 7 YEARS TO INCUR EXPENSES.
- 23 YEARS MAXIMUM LIFE OF TID.



# POTENTIAL BOUNDARY

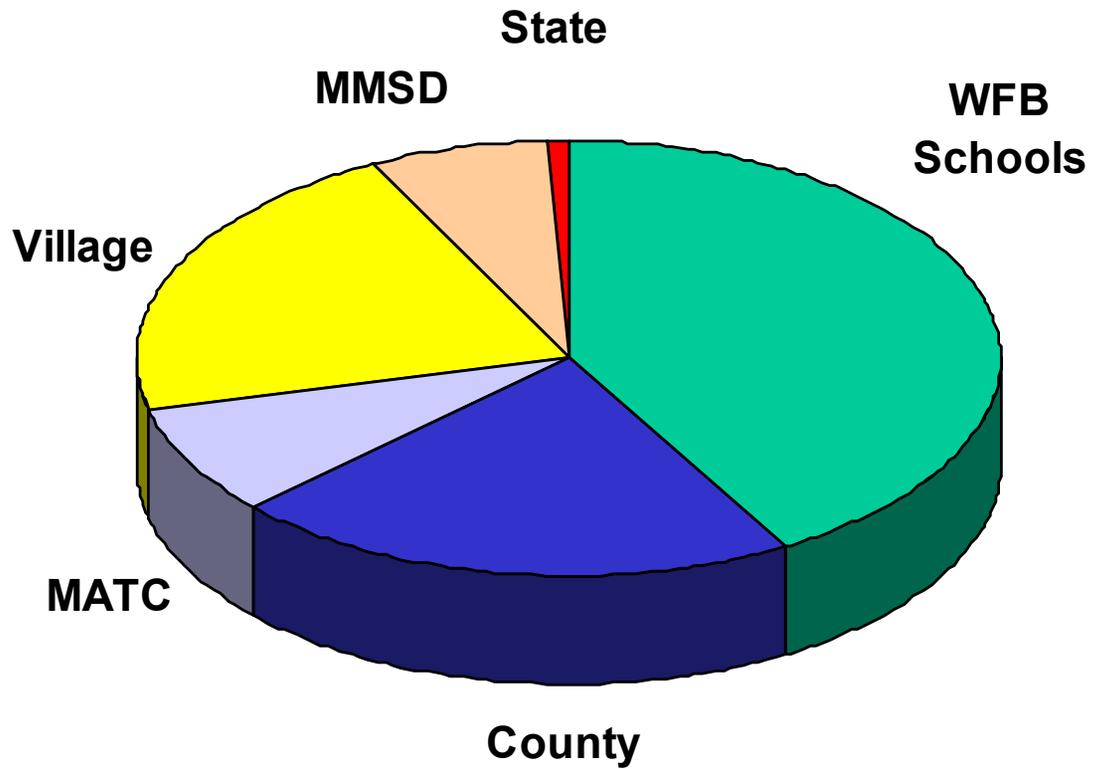


- Current Value = \$32,093,368 2.4% of Village

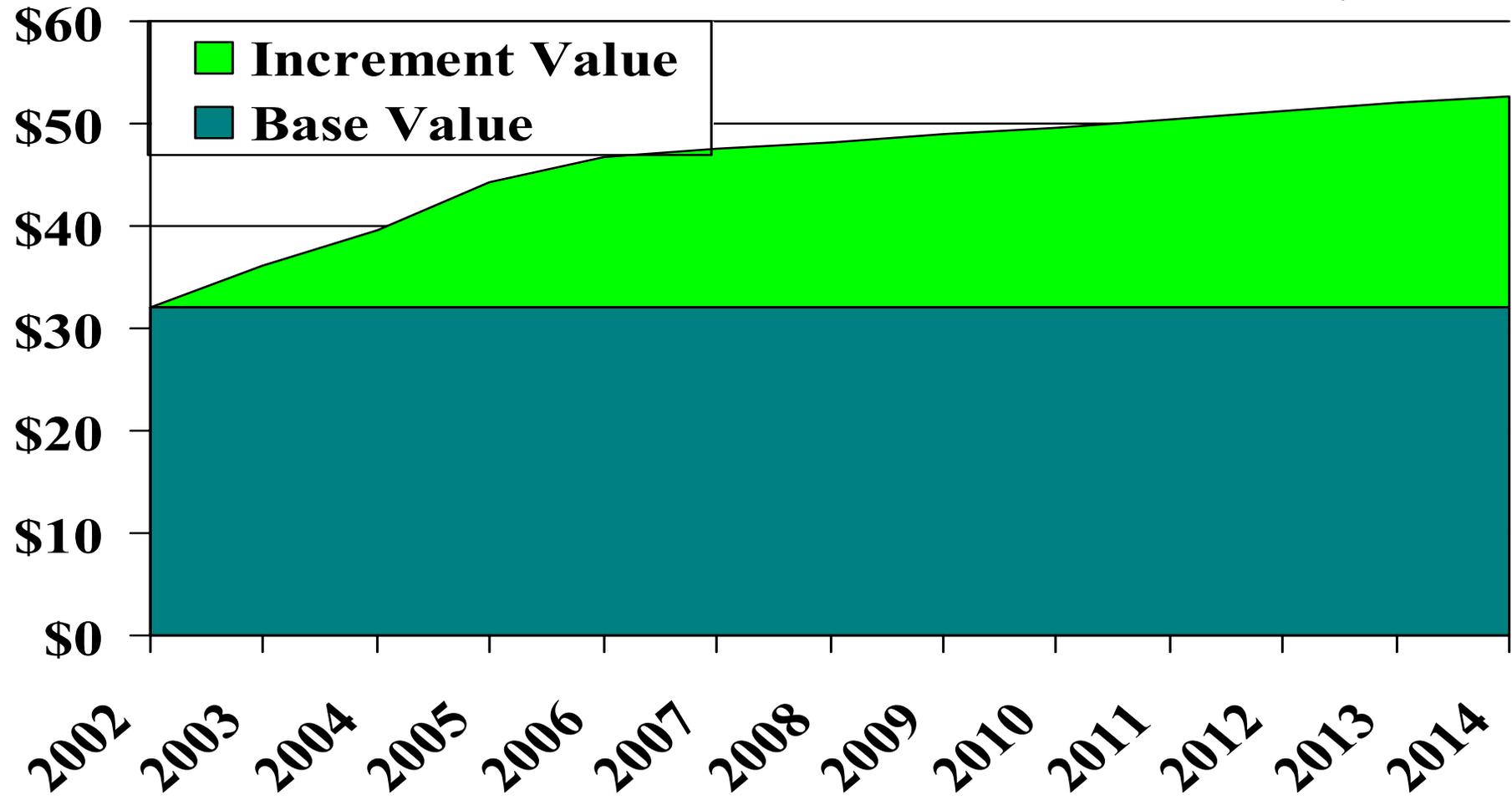
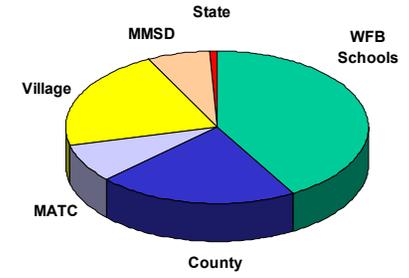


**EHLERS**  
& ASSOCIATES INC

# PROPERTY TAX DOLLAR



# CAPTURE OF NEW TAX DOLLARS



# TIF ARITHMETIC

**NEW CONSTRUCTION VALUE**

**+**

**APPRECIATION / INFLATION VALUE**

**X**

**TOTAL COMBINED TAX RATE**

**=**

**ANNUAL TAX INCREMENT DOLLARS**



# **DEVELOPMENT ASSUMPTIONS TID # 1**

## SCENARIO 1 (100% REDEVELOPMENT)

100.00%

Block #	Area Use	2002	2003	2004	2005	2006	TOTAL VALUE/ SITE
1	NE Cr. S Spring & L Drive		\$3,000,000				\$3,000,000
2	S. Spring / Consaul Place Area			\$3,000,000			\$3,000,000
3	Santa Monica / Beaumont Area				\$3,000,000		\$3,000,000
4	Any Other Potential Area					\$3,000,000	\$3,000,000
5							\$0
<b>Values</b>		<b>\$0</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$12,000,000</b>
<b>EQUALIZED VALUE PROJECTED TO</b>		<b>\$0</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$12,000,000</b>

# Village of Whitefish Bay

Tax Increment Forecast (*SCENARIO 1 w Stress Test at 100.00%*)

Cumulative P.V.

Base Value	32,093,368	Inflation Factor	1.50%
------------	------------	------------------	-------

YEAR	Inflation Increment	* Value Added	Valuation Increment	Tax Rate	Tax Increment
1	481,401		481,401	23.50	11,314
2	488,622	3,000,000	3,970,022	23.50	93,307
3	540,951	3,000,000	7,510,973	23.50	176,530
4	594,065	3,000,000	11,105,038	23.50	261,002
5	647,976	3,000,000	14,753,014	23.50	346,740
6	702,696		15,455,710	23.50	363,256
7	713,236		16,168,946	23.50	380,019
8	723,935		16,892,881	23.50	397,033
9	734,794		17,627,674	23.50	414,303
10	745,816		18,373,490	23.50	431,832
23	905,086		29,150,811	23.50	685,132
<b>12,000,000</b>					<b>10,209,486</b>

3 Yrs 244,892  
 4 Yrs 455,577  
 5 Yrs 720,880  
 6 Yrs 984,330  
 7 Yrs 1,245,569  
 8 Yrs 1,504,275  
 9 Yrs 1,760,161  
 10 Yrs 2,012,969  
 23 Yrs 4,946,468

Present value at 5.5% **4,946,468**

MAXIMUM DOLLAR AMOUNT OF PROJECT COSTS THAT TID WOULD SUPPORT

# Village of Whitefish Bay

## Tax Increment Forecast (SCENARIO 2 Single Site Development)

Cumulative P.V.

Base Value	32,093,368		Inflation Factor	1.50%		
YEAR	Inflation Increment	Value Added	Valuation Increment	Tax Rate	Tax Increment	
1	481,401		481,401	23.50	11,314	
2	488,622	3,000,000	3,970,022	23.50	93,307	
3	540,951		4,510,973	23.50	106,021	3 Yrs 184,846
4	549,065		5,060,038	23.50	118,926	4 Yrs 280,845
5	557,301		5,617,339	23.50	132,024	5 Yrs 381,862
6	565,661		6,183,000	23.50	145,319	6 Yrs 487,254
7	574,146		6,757,145	23.50	158,813	7 Yrs 596,428
8	582,758		7,339,903	23.50	172,510	8 Yrs 708,835
9	591,499		7,931,402	23.50	186,412	9 Yrs 823,968
10	600,372		8,531,774	23.50	200,522	10 Yrs 941,360
23	728,582		17,207,372	23.50	404,425	23 Yrs 2,517,671
3,000,000					5,316,802	
Present value at 5.5%					2,517,671	

MAXIMUM DOLLAR AMOUNT OF PROJECT COSTS THAT TID WOULD SUPPORT

# TID PROJECT PLAN REQUIREMENTS

- PURPOSE = **Redevelopment**
- **BLIGHT** FINDING (Broader Statutory Meaning)
- **“BUT FOR”** test. “But for TID, Redevelopment wouldn’t occur.”
- **DETAIL PROJECT COSTS**
- **ECONOMIC FEASIBILITY**



# PROCESS for TID CREATION

- Define Boundary
- Draft Project Plan
- Plan Commission Reviews, Holds Hearing.
- Joint Review Board (Schools, County Village)
- Village Board Reviews & Approves.
- Final Approval by Jt Review Board.
- Approx. 90-120 Days Total.



# RISK CONTROL

- DEVELOPMENT AGREEMENTS WITH DEVELOPER(S) IS KEY. (Transfer Risk to Dev.)
- RISK BEGINS WITH ADVANCE OF FUNDS OR BORROWING OF MONEY.
- PHASING OF DEVELOPMENT & COST.
- ONGOING UPDATE AND REVIEW OF FINANCIAL PROJECTIONS.
- SCALE PROJECTS TO MATCH CASH FLOW.



# Community Development Authority (CDA)

- CREATED BY VILLAGE BOARD.
- 7 Members (2 Village Board, 5 Residents).
- Statutory Authority Broader than Village Board in Areas of Commercial & Housing Development or Redevelopment.
- Compliment to Implementation of TIF Plan.



# PURPOSES of CDA

- PROPERTY VALUES
  - Maintain & Enhance Value.
- REDEVELOPMENT
  - Eliminate Obsolescence and Blight
- QUALITY LAND USE & CONSTRUCTION
  - Active Pursuit of types of buildings Village wants.
- PLAN IMPLEMENTATION.
  - Ability to be more proactive in use of new tools



# POWERS of CDA

- Enter Contracts
- Acquire Property
- Sell Property
- Borrow Money by Issuing Bonds.
- Loan Money for Certain types of Projects.
- Develop Property.



# Limits on Powers of CDA

- Can only Operate within Approved Redevelopment Plan Areas.
- Village Board Must also Approve All Borrowing.
- By Laws to be Approved by Board may Further Limit Powers or Require Village Board Approval.



# PROCESS



- Appointment Of CDA Members.
- Approve By-Laws.
- Draft REDEVELOPMENT PLAN.
- Blight Finding (Broader Statutory Meaning)
- Written Notice to Property Owners.
- Hearing
- Approval of Plan by CDA & 2/3 Vote of VB.
- Approximately 90 Days, Concurrent w/ TIF.



# SUMMARY



- TIF is a tool to enable NEW development to pay for itself without impacting General Fund.
- Development Agreements, Phasing & Good Fiscal Planning can Minimize risks.
- CDA & TIF will enable the Village to be more aggressive in managing it's own future & enhancing property values.



**EHLERS**  
& ASSOCIATES INC