

Wednesday, November 8, 2023

7:00 PM

McFarland Municipal Center
Community Room

AGENDA

You are invited to this meeting through a Zoom webinar. The public may attend in-person or remotely through the webinar or telephone options listed below.

PLEASE CLICK THE LINK BELOW TO JOIN THE ZOOM WEBINAR:

<https://us02web.zoom.us/j/86454532686>

Or by Telephone: +1 (312) 626-6799

Webinar ID: 864 5453 2686

Press *9 to raise/lower hand. Press *6 to mute/unmute.

1. CALL TO ORDER, ROLL CALL.

2. PUBLIC APPEARANCES.

- a. This is an opportunity for members of the public to address the Community Development Authority for items that are not on the agenda. Please remember this is a hybrid meeting conducted in person and through the Zoom online meeting platform. Meeting attendees wishing to address the Authority about items not on the agenda may do so at this time. Zoom attendees should type their name and address in the Question and Answer feature within the Zoom online meeting platform at this time. Members of the public who are present in person and wish to address the Authority should fill out a public comment form and turn into the meeting chairperson. When you are called upon to speak, state your name, address, and provide your comments to the Authority for their consideration. Please adhere to the 3-minute time limit. Additionally, you may send your public comments to community.development@mcfarland.wi.us to be included as part of the meeting.

Members of the public may also speak during their selected agenda item as they designate on the public comment form or in the Question and Answer feature on Zoom.

3. APPROVAL OF MINUTES.

- a. Motion to approve the minutes of the August 9, 2023 meeting.

4. BUSINESS.

- a. Discussion and recommendation to the Village Board regarding updates to the Village's Tax Increment Financing Development Incentives Policy Manual.

5. CLOSED SESSION.

- a. Discussion and action to convene into Closed Session in accordance with Wis. Stats. 19.85(1)(e) to deliberate or negotiate the investment of public funds or other specified public business whenever competitive or bargaining reasons require a closed session, specifically related to.
 - 1) Acquisition of property located at 5810 Main Street, Tax Increment District #4
 - 2) Acquisition of property located at 4903 Terminal Drive.

- 3) Acquisition of property located at 4008 and 4012 Terminal Drive, including parcel 0710-273-8620-1, Tax Increment District #3.

6. RECONVENE INTO OPEN SESSION.

- a. Motion to adjourn Closed Session and reconvene in Open Session to discuss and take action on items of business discussed in closed session.

7. ACTION ON ITEMS DISCUSSED IN CLOSED SESSION.

- a. Discussion and action to make a recommendation to the Village Board regarding acquisition of property located at 5810 Main Street, Tax Increment District #4.
- b. Discussion and action to make a recommendation to the Village Board regarding acquisition of property located at 4903 Terminal Drive.
- c. Discussion and action to make a recommendation to the Village Board regarding acquisition of property located at 4008 and 4012 Terminal Drive, including parcel 0710-273-8620-1, Tax Increment District #3.

8. SCHEDULE NEXT MEETING DATE.

- a. Tuesday November 21, 2023 at 7:00 p.m. - Joint meeting with the Plan Commission
- b. Wednesday December 6, 2023 at 7:00 p.m. - Joint meeting with Plan Commission

9. ADJOURNMENT.

Any person who has a qualifying disability as defined by the Americans with Disabilities Act that requires the meeting or materials at the meeting to be in an accessible location or format should contact the McFarland Municipal Center at (608)838-3153, 5915 Milwaukee Street, McFarland, Wisconsin, or village.clerk@mcfarland.wi.us by 2:00 p.m. at least 5 business days prior to the meeting so that any necessary arrangements can be made to accommodate each request. If the meeting or request is less than 5 business days from the meeting, requests for accommodations may still be made and reasonable efforts will be made to accommodate each request.

Community Development Authority

Working draft - MINUTES

August 9, 2023

Members Present: Stephanie Brassington, Ken Brost, TJ Jerke, Dan Kolk, Kristin Ellis

Members Absent: Benjamin Tanko, Anthony Hennes

Staff Present: Andrew Bremer, Karen Knoll

1. CALL TO ORDER

Brassington called the meeting to order at 7:02 pm.

2. PUBLIC APPEARANCES

None

3. APPROVAL OF MINUTES

- a. Review and possible approval of the Community Development Authority draft minutes from the May 10, 2023, meeting.

Brassington moved to approve the May 10, 2023, Community Development Authority minutes. Brost seconded the motion. Motion carried 5-0.

4. BUSINESS.

- a. Discussion regarding the 2022 Annual Report for Tax Increment District #3.

Bremer summarized earlier this year the Joint Review Board met to review the required TID reports for the Department of Revenue which they are required to file. Bremer reviewed the TID #3 report as included in packets with CDA members.

This district reached its expenditure period as of August 9, 2022, so the Village cannot do any more capital improvement projects. The Village can still pay for existing debt, administrative and organizational costs. The TID is scheduled to close in 2027.

Bremer reviewed the highlights from the prior year. The Village will likely be creating an update to the land use plan which will create a new TID district overlay within the next twelve months.

- b. Discussion regarding the 2022 Annual Report for Tax Increment District #4.

Bremer reviewed the TID #4 report as included in packets with CDA members. Bremer also went over the highlights of the past year of this district. Members discussed the usage of TID's and its importance for facilitating redevelopment projects, and the Village's acquired properties and their current use as rentals.

c. Discussion regarding the 2022 Annual Report for Tax Increment District #5.

Bremer reviewed the annual report with members based on the information included in packets. This TID was created on December 11, 2017 as a Rehabilitation and Conservation District and is scheduled to expire in 2045. The largest increase in this district is due to the new Atwater mixed use development project.

d. Discussion and action to recommend to the Village Board a proposal from MSA Professional Services for Land Use Planning for Redevelopment District Plans No. 1 & 2.

Bremer reviewed the process to date of the proposal. Only one proposal was received from the RFP, but it is a solid proposal. Bremer advised who the members of the committee were who reviewed the proposal, along with changes they requested to be made to the proposal. Bremer discussed the public engagement opportunities along with going over the timeline and cost as indicated in the packet.

Brost moved to recommend approval to the Village Board the proposal from MSA Professional Services for Land Use Planning for Redevelopment District Plans No. 1 & 2. Motion seconded by Kolk. Motion carried 5-0.

e. Discussion regarding East Side Business Park planning and design.

Bremer summarized from information as included in packets, a development company has recently purchased 60 acres south of Siggelkow Road, property which is identified in the 2023 East Side Neighborhood Plan as part of a future east side business park. Bremer discussed the background of the company who purchased the property and what other communities they have worked in. This is in the beginning stages and no concept plans have been submitted. Members discussed development potential, if there were any possible tenants, the normal process for development of a business park along with roads and utilities for a new development.

7. SCHEDULE NEXT MEETING DATE.

a. Wednesday September 13, 2023, at 7:00pm.

8. ADJOURNMENT.

Brost moved to adjourn. Kolk seconded the motion. Motion carried 5-0. Meeting adjourned at 7:45 p.m.

**VILLAGE OF
McFarland
SUMMARY SHEET**

MEETING DATE: Wednesday, November 8, 2023

SECTION: Business

DEPARTMENT: Community Development

CONTACT: Andrew Bremer, Comm & Eco Dev Director

AGENDA ITEM: Discussion and recommendation to the Village Board regarding updates to the Village's Tax Increment Financing Development Incentives Policy Manual.

PREVIOUS ACTION:

ISSUE SUMMARY:

Staff is bringing forward two potential modifications to the Village's Tax Increment Financing Development Incentives Policy Manual.

1. The first is to clarify whether the Village would permit a lessee to be eligible for development incentives. The adopted Policy Manual states that the applicant must either be the property owner or have an agreed upon option to purchase the property. Historically, this is how most of the Village's TIF requests have been received. However, it would appear to prevent a lessee holder from applying for funding. Examples of this may include a lessee seeking funding assistance to build out or renovate interior or exterior portions of a building (e.g. facade improvement). As with any TIF request, the scope of the project and the amount of funding assistance will be important determining factors regarding whether the Village would accept any particular application. Funding assistance for a lessee may also require the property owner to become a party to the agreement. These are decisions that would need to be made on a case by case basis. Broadly speaking, staff supports keeping the Village's options open for considering requests from lessee holders.
2. The second is to clarify language regarding conflict of interest. The adopted Policy Manual already includes a conflict of interest qualification requirement. The proposed change is to simply align the text of this section to match what is provided in the Village's existing Code of Ethics.

FINANCIAL/BUDGET IMPACT:

VILLAGE PLAN REFERENCE:

ORDINANCE REFERENCE:

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

This agenda item is presented for discussion and possible action to the Village Board to approve



the changes to the Village's Tax Increment Financing Development Incentives Policy Manual as proposed.

ATTACHMENTS:

1. McFarland_TIF Incentives Policy Manual and Application_11.01.2023

TAX INCREMENT FINANCING DEVELOPMENT INCENTIVES POLICY MANUAL



1. PURPOSE

The attached policies, and associated application, have been adopted by the Village of McFarland for the purpose of guiding decisions related to requests for development incentives within Tax Increment Financing (TIF) Districts.

2. DISCLAIMER

Requests for TIF incentives are referred to the Village's Community Development Authority (CDA) for a recommendation to the Village Board. The Village Board has the sole authority to make final decisions regarding development incentive applications, which may or may not align with recommendations provided by the CDA. This policy manual and associated application have been prepared by the Village to provide both Village Officials and applicants a consistent process for reviewing requests for TIF incentives. The amount and form of payment of TIF incentives provided to a project will be determined at the discretion of the Village Board on the basis of applicant's demonstrated project need and "but for" requirements, existing and projected TID revenues, level of investment risk to the Village, quality of the proposed development, applicant qualifications, and the degree to which the project meets the public objectives of the Village described in Section 3 General Objectives and Section 6 Qualifications.

Variations from this policy manual may be considered for projects that provide extraordinary benefits to the community in terms of blight elimination and infill development, increases in property tax base, job creation or retention, improvements to public infrastructure, providing mixed-use development, providing affordable housing, providing sustainable development, providing businesses and services in high demand by McFarland residents, or other advantages to the McFarland economy/community. The Village Board also may reject any and all applications, even those which satisfy all of the attached qualifications for the use of TIF for any reason whatsoever, without regard for the viability of the project. The Village will provide the applicant with reasons for rejecting the application. Examples why a project may be rejected include but are not limited to: the Village/TID's own financial capacity to fund the project, the scale of the project is too small, the project results in minimal public benefits or services to McFarland residents, extent by which evaluation qualifications are met, other existing Village, County or State funding programs are available for the proposed project, the project results in a tax exempt property, etc.

3. GENERAL OBJECTIVES FOR THE USE OF TAX INCREMENT FINANCING – DEVELOPMENT INCENTIVES

The general objective of TIF incentives is to stimulate (re)development of vacant, underutilized or blighted properties within the boundaries of Village TIF districts. While TIF is an important and useful economic development tool, it is essential that it be used appropriately to accomplish the Village's economic development goals and objectives. A fundamental principle of TIF is that it is designed to encourage development that would not otherwise occur or would occur to a lesser extent, timeline, or quality under minimum zoning and building codes, "but for" the assistance provided through TIF incentives. It is the policy of the Village Board to consider the judicious use of TIF incentives for those projects that demonstrate a significant public benefit by achieving one or more objectives:

- ✓ Eliminating blight, unhealthy, or unsafe conditions
- ✓ Fostering the creation and retention of quality jobs (generally defined as jobs with an annual income or hourly rate at or exceeding the Per Capita Income of the Village as described in the most recent American Community Survey or other source).
- ✓ Increasing property values and tax revenues
- ✓ Fostering rehabilitation and conservation activities
- ✓ Improving Village infrastructure, including utilities, streetscaping and multi-modal transportation options (generally defined as road, rail, transit, bicycle, and pedestrian infrastructure)
- ✓ Implementing plans and development strategies adopted by the Village
- ✓ Providing high-quality affordable housing that can close the housing affordability gap (generally defined as housing units that are restricted to households with annual income at or below 60% of the Dane County Median Income. Visit www.wheda.com for more information on income limits for the current year.)

- ✓ Providing high-quality site & building designs and materials exceeding minimum zoning or building requirements, including placemaking amenities (generally defined as the inclusion of site or building amenities, exceeding minimum zoning or building requirements, that enhance the developments uniqueness, sense of place, and amenities for occupants, employees, or the public)
- ✓ Providing sustainable or green building and site development features (generally defined as the inclusion of solar, wind or geothermal energy systems, EV charging stations, LEED certified buildings, structured parking that maximizes the density on a site, green roofs that include gardens that can capture and retain stormwater, blue roofs that capture and store stormwater to mitigate runoff effects, under-parking water retention systems that capture and store stormwater to mitigate runoff effects, impervious pavement, or other stormwater management best practices that are above minimum zoning and building requirements)
- ✓ Providing infill development or serving as a catalyst for the (re)development of other adjacent properties

4. ELIGIBLE COSTS, PROJECT TYPES & PHASES

Eligible Costs. Allowable uses of TIF development incentives may include, but are not limited to:

- ✓ Land acquisition
- ✓ Environmental audits or remediation
- ✓ Rehabilitation of existing structures and utilities (interior or exterior)
- ✓ Demolition of buildings, remediation of soils, and site grading to bring sites to shovel ready status
- ✓ Construction costs of new building and utility improvements (interior or exterior)
- ✓ Installation of solar and geothermal energy systems, EV charging stations, or similar renewable energy improvements, sustainable building designs and green infrastructure site amenities
- ✓ Site improvements (parking, landscaping, lighting, stormwater, signage, placemaking amenities, etc.)
- ✓ Planning, surveying, legal, engineering, architectural, financing, permit costs and reasonable developer fees

Eligible Development Projects. Eligible development projects include those consisting of industrial, commercial, mixed-use, market rate multi-family residential (3+ units), or affordable housing developments within the boundaries of Village TIF districts.

Multi-Phased Development Projects. When a project involves multiple phases of new building construction, applicants may apply for TIF development incentives for each phase of development. The maximum amount of assistance, any merit-based adjustments, and payback qualifications under Section 6, will be evaluated individually for each phase at the time of submittal of the development incentives application. Where a development project is anticipated to be built in multiple phases, applicants shall provide general development plans at the time the first phase is under review in accordance with zoning requirements. Applicants are further encouraged to discuss with the Village the intent to apply for additional development incentives for future development phases. In cases where projects are buildout, but later expanded to add additional phases not original conceived, any requests for development incentives will be evaluated individually for the additional phases.

5. METHODS OF FINANCING & PROJECT COMPLETION ASSURANCES

Applications for TIF assistance require the applicant to indicate the type of financing method they are requesting from the Village from the list of options below. The list is ordered sequentially based on the Village's preferred methods of providing TIF assistance. Applicants seeking more advantageous financing terms (e.g. Tax Increment Loan at Project Start) should be aware that the Village reserves the right to both specify which form of financing the Village will offer based on the merits of the project AND to lower the amount of TIF assistance (i.e. as the Village incurs more risk the Village reserves the right to reduce the amount of assistance below the amount requested). The Village may also consider the use of a combination of financing methods.

- Pay-As-You-Go (Developer Financed Loan): Under a pay-as-you-go incentive the applicant finances the upfront costs related to the construction project and the Village agrees to make an annual payment back to the applicant

starting with the first year the Village receives taxes from the improved property (i.e., two years after project completion). The terms of the annual payment are subject to the development agreement negotiated and signed by both parties. The terms are typically represented as a percentage of the annual tax increment collected over a set period of years (e.g., 90% of the actual tax increment collect over 10 years or until the total requested financing amount has been reached, whichever comes first, provided the TID hasn't closed).

- Tax Increment Loan at Occupancy. The Village may provide financing in the form of a tax increment loan at occupancy. Under this form of financing the Village provides a cash payment at the time the applicant completes the project (e.g., within 60 days of receiving a building occupancy permit from the Village). The Village reserves the right to withhold a percentage of the TIF assistance until all landscaping or other site features have been installed on the property in accordance with approved site plans, even if the Village has issued the building occupancy permit. The loan is paid back through future tax increments generated from the project based on the terms of the development agreement with the applicant. The Village reserves the right to include interest on the loan as part of the Payback Period qualifications.
- Tax Increment Loan at Project Start. The Village may provide financing in the form of a loan at the start of a project. Under this form of financing the Village provides a cash payment at the time the project starts (e.g., after completion of the development agreement and within 60 days of approving all necessary building permits). The Village reserves the right to stagger payments to the applicant from the time of obtaining building permits to the time of receiving a building occupancy permit based on meeting predetermined construction milestones. The Village reserves the right to withhold a percentage of the TIF assistance until all landscaping has been installed on the property in accordance with approved site plans. The loan is paid back through future tax increments generated from the project. The Village reserves the right to include interest on the loan as part of the Payback Period qualifications.

Other forms of incentives:

- Traditional Loan. The Village may provide financing in the form of a loan at project start (e.g., after completion of the development agreement and within 60 days of receiving all necessary building permits). The terms of the loan (i.e., interest rate, amortization schedule, collateral) will be negotiated as part of the development agreement. The Village may also consider the use of no-interest loans or loans with forgivable payments (e.g., waiving a final payment) to provide an additional incentive to the applicant based on the merits of the proposed project. The use of future tax increments generated from the project to pay back the loan from the Village is not applicable. This type of financing is generally best suited for improvement projects that may generate minimal, or no tax increment value, yet provides other community benefits (e.g., installation of solar panels to an existing business, roof, sign or façade maintenance, etc.).
- Land Donations or Write-Down. Where the project involves the sale of Village property, the Village may provide a development incentive through the sale of property at less than market value. The Village reserves the right to include the value of any donated lands, or write downs, as part of the maximum assistance qualification.

Applicants are advised that the Village will require certain financial and project completion guarantees. These may include, but are not limited to, assessment guarantees, letters of credit, personal or corporate guarantees, minimum payment agreements, lien waivers for contractors, consent of mortgagee or other loan security instruments. In addition, the Village reserves the right to require an applicant to provide copies of paid invoices demonstrating actual costs incurred and to adjust accordingly any assistance provided by the Village in proportion to the ratio of estimated to actual project costs. **All terms and obligations of the Village and the applicant shall be finalized through the execution of a development agreement.**

6. QUALIFICATIONS

The following qualifications will be used by the Village to evaluate requests for development incentives. All terms and obligations of the Village and the applicant shall be finalized through the execution of a development agreement.

- ☐ Location: The proposed project must be within the boundaries of a Village TIF district at the time of approval of a development agreement.
- ☐ OwnershipEligible Applicants: The applicant must be the owner of the property or have a written agreed option to purchase the property from the current owner at the time of approval of a development agreement. Proof of property ownership will be required prior to receiving financial assistance from the Village. Eligible applicants may also include lessee holders of property provided proof of the lease agreement.
- ☐ “But For”: The applicant must demonstrate to the Village’s satisfaction that “but for” the TIF assistance, the project is not financially feasible on the proposed site, or would occur to a lesser extent or timeframe, and that the public benefits described in Section 3 General Objectives would not be achieved but for the development incentive. The burden is on the requesting party to prove that the proposed project would not be feasible without TIF assistance. Every other financial alternative should be explored prior to the use of TIF, including equity participation, other federal and state funds, tax credits, loans, etc.
- ☐ Financial Capability: Each TIF application must include evidence that the applicant possesses the financial ability to complete and operate the project and will be liable for or contribute equity of at least 15% of the total cost of the project, which may include investor equity and non-Village grant funding sources. Proof of equity and private commercial lending commitment will be required prior to receiving financial assistance from the Village.
- ☐ Maximum Assistance: The amount of TIF assistance is based on the demonstrated needs (financial gap) of the project. Where feasible, TIF assistance should be in the form of “pay-as-you-go”. As further inducement to utilize TIF financing payment forms that reduce the overall risk to the TIF Districts, and achieve higher community and economic development goals, the Village has developed the following guidelines for the maximum amount of assistance based on funding format and project type. The amount of TIF assistance should still be limited to the amount necessary to make a project competitive with other similar projects in the McFarland market area, versus simply the maximums percentages provided below. For applicants requesting a combination of financing (e.g., pay-go and tax increment loan at occupancy) the maximum amount of assistance shall not exceed 30% of the estimated total project costs, unless further adjusted for merit considerations below, with the final percentage within each form of financing determined by the Village Board. The Village at its discretion may include in the total percentage of project costs other costs incurred by the Village in support of creating the TID and bringing the subject property to shovel ready status (e.g., prior land acquisition costs, environmental remediation costs, public works costs, etc.).
 - ☐ For Pay-As-You-Go (Developer Financed) Agreements, the maximum amount of assistance is capped at 30% of the estimated total project costs, for industrial, commercial, mixed-use, and affordable housing developments and 25% for market rate multi-family housing (non-mixed-use buildings).
 - ☐ For Tax Increment Loan at Occupancy Agreements, the maximum amount of assistance is capped at 20% of the estimated total project costs, for industrial, commercial, mixed-use, and affordable housing developments and 15% for market rate multi-family housing (non-mixed-use buildings).
 - ☐ For Tax Increment Loan at Project Start Agreements, the maximum amount of assistance is capped at 10% of the estimated total project costs, for industrial, commercial, mixed-use, and affordable housing developments and 5% for market rate multi-family housing (non-mixed-use buildings).
 - ☐ For Traditional Loan Agreements, the maximum amount of assistance is capped at 20% of the estimated total project costs.

Merit Based Adjustments to Maximum Assistance. In recognition of the Village’s goals and priorities for the use of TIF development incentives, the following adjustments to the maximum amount of assistance may be considered provided the total amount of incentives can be recovered prior to closure of the TID:

- ☐ Affordable Housing¹. For projects involving the construction of affordable housing units, the maximum amount of assistance may be increased by 5% provided at least 20% of all units in a development must be reserved for households at or below 50% of the area median income, or at least 40% of all units must be reserved for households at or below 60% of the area median income, for a minimum of 30 years, or as determined through the development agreement. In lieu of providing any applicable partial or full waivers of impact fees under the Municipal Code for affordable housing projects, the Village may elect to increase the amount of TIF assistance in lieu of providing a partial or full impact fee waiver.
- ☐ Renewable Energy Systems & EV Charging Stations. For projects involving the installation of renewable energy systems, the maximum amount of assistance may be increased by 5%, or 25% of the net cost of the renewable energy installation after applicable federal tax credits and grants, whichever is less. To be eligible, the renewable energy system must provide for at least 50% of the total electrical or natural gas consumed by the development, or a minimum of 20% of the parking spaces must be electric vehicle (EV) installed with a Level 2 or 3 charging station. Electric vehicle includes a battery electric vehicle or a plug in hybrid electric vehicle.

Note, the maximum amount of assistance, excluding any merit-based adjustments, are further subject to adjustments in order to meet the Payback Period qualification.

- ☐ Payback Period: All requests for TIF assistance will be required to demonstrate that the tax increment estimated to be generated by the project will be sufficient to payback any TIF assistance provided by the Village (including applicable interest expenses) in support of the project according to the following terms:
 - ☐ For Pay-As-You-Go (Developer Financed) Agreements. Payments to the Developer shall commence with the first year in which the Village receives tax increment from the completed project and continue no longer than the year in which the applicable TID terminates, or until the maximum amount of assistance is reached, whichever comes first. In addition, the annual amount of tax increment applied toward retirement of the developer loan shall not exceed 90% of the actual annual amount of tax increment collected from the project, unless a higher percentage is granted by the Village Board.
 - ☐ For Tax Increment Loan at Occupancy Agreements. Within 12 years starting with the year the loan is dispersed (i.e., within 10 years of tax increment collection from the development). For example, development construction completed in 2022 will be first valued as of January 1, 2023, with first incremental taxes collected in 2024 through 2033, or 10 years of collection. In cases where the applicable TIF district has less than 12 years remaining, the Village may extrapolate whether the tax increment from the proposed development would be sufficient to retire the tax increment loan provided the TIF district would have 12 years remaining life and provided the TIF district has sufficient existing or projected fund revenues to offset any tax increment from the development project that can't be collected within 12 years due to closure of the TID.
 - ☐ For Tax Increment Loan at Project Start Agreements. Within 7 years starting with the year the loan is dispersed (i.e., within 5 years of tax increment collection from the development). For example, development construction completed in 2022 will be first valued as of January 1, 2023, with first incremental taxes collected in 2024 through 2028, or 5 years of collection. In cases where the applicable TIF district has less than 7 years remaining, the Village may extrapolate whether the tax increment from the proposed development would be sufficient to retire the tax increment loan provided the TIF district would have 7 years remaining life and provided the TIF district has sufficient existing or projected fund revenues to offset any tax increment from the development project that can't be collected within 7 years due to closure of the TID.
 - ☐ For Traditional Loan Agreements. Within 12 years starting with the year the loan is dispersed and no longer than the year in which the applicable TID terminates. Interest shall be charged based on current general obligation loan interest rates from the Wisconsin Board of Commissioners of Public Lands, for the applicable loan term, at the time of Village disbursement of funds, plus 0.15%.

¹ The thresholds to receive the affordable housing merit adjustment are aligned with the WHEDA Low Income Housing Tax Credit (LIHTC) Program as of October 2022 and it is the intention of the Village to continue to align TIF merit increases with the WHEDA LIHTC eligibility thresholds.

- ☐ Financial/Project Assurances: The applicant must agree to provide financial and project completion guarantees to the Village. These may include, but are not limited to, assessment guarantees, letters of credit, personal or corporate guarantees, minimum payment agreements, lien waivers for contractors, consent of mortgagee or other loan security instrument. Where the applicant is a lessee, the Village may require the property owner to be party to the development agreement.
- ☐ Technical & Operational Capability: The applicant must provide evidence satisfactory to the Village that the applicant possesses the technical ability to complete the project or has obtained construction cost estimates from professional businesses capable of performing the work. Applicants must demonstrate that they have the ability to operate the proposed use. The Village may require applicants to submit copies of contracts with design professionals and construction contractors prior to receiving financial assistance from the Village.
- ☐ Adherence to Local Land Use Plans: The project is consistent with the Village of McFarland Comprehensive Land Use Plan, Village Building or Zoning Ordinances, or any other applicable plans and ordinances adopted by the Village which includes the subject property.
- ☐ Insurance: Applicants shall furnish to the Village certificates of insurance for all insurance policies required under the development agreement prior to receiving financial assistance from the Village.
- ☐ Adherence to TIF Project Plan: All requests for TIF assistance must clearly comply with the requirements of the Wisconsin TIF Statutes and the Village's adopted TID Project Plan applicable to the subject property.
- ☐ Creation of Tax Increment: The project will not result in a tax exempt property, aside from any remnant portions of a parcel which are specifically dedicated to the Village for public use. Applicants will be required to return any TIF assistance provided to the Village if during the terms of the development agreement the property becomes exempt from property taxes.
- ☐ Applicant in Good Standing: The applicant does not have a history of delinquent property tax payments or own any property within the Village with known zoning or building code violations.
- ☐ Absence of Conflict of Interest: Is the applicant, or an immediate family member, a member of the Village Board or a Village Committee, or any other official, employee or agent of the Village who is authorized to exercise policy-making functions or responsibilities in connection with the application? ☐ No ☐ Yes

If yes, no public official or public employee of the Village shall engage in any business or transaction or shall take any official action in regard to associational, financial or other personal interest, direct or indirect, which is incompatible with the proper discharge of their official duties in the public interest contrary to the Village Code of Ethics or which would tend to impair independence of judgment or action in the performance of official duties.

I understand that any public official, or public employee who has an associational, financial or personal interest in any matter pending before the Village Board or any authority, board, commission or committee upon which the public official or public employee has any influence or input or of which the public official or public employee is a member that is to make a recommendation or decision on the pending matter shall disclose on the record, orally or in writing, the nature and extent of such interest. Public officials and/or public employee shall not participate in debate or discussion or vote for adoption or defeat of such matter. If the public official or public employee wishes to comment as a private citizen, the public official or public employee shall remove to the audience.

~~☐ The applicant, or an immediate family member, is not a member of the Village Board or a Village Committee, or any other official, employee, or agent of the Village who is authorized to exercise policy decision-making functions or responsibilities in connection with the application.~~

- ☐ Application & Fee: A completed application, fee, and escrow have been filed with the Community & Economic Development Department.

7. APPLICATION PROCEDURE

Applications submitted for TIF assistance shall be reviewed through the following process:

- ☐ Initial Staff Consultation. Applicants are encouraged to meet with the Village Administrator and Community & Economic Development Director to discuss proposed TIF assistance requests and conceptual development plans prior to submitting an application.
- ☐ Preapplication Meetings (Non-mandatory). Applicants are encouraged to meet with the Community Development Authority (CDA), and/or the Village's Plan Commission, for a preapplication meeting to discuss the proposed project in order to gain better insight on how to design the project to meet the Village's TIF development incentives policies, planning objectives, and applicable zoning permit requirements. Note, it is not the intent of the Plan Commission to make recommendations regarding the financing requested, only design aspects of projects. Feedback provided by the CDA and Plan Commission is non-binding.
- ☐ TIF Application. Application materials, including the required fee and escrow shall be submitted to the Village Community & Economic Development Director who will notify the appropriate Village Staff, Village Attorney or any consultants who provide services to the Village whom are directed by the Village Community & Economic Development Director to review the application.
- ☐ Fees and Escrow Deposit. A nonrefundable processing fee in the amount of \$500 per application must be submitted with the application. In addition, the applicant will be required to submit an initial escrow deposit in the amount of \$5,000 per application to reimburse fees for professional services incurred by the Village related to the review of the application and development agreement. If additional expenses are incurred beyond the \$5,000 the applicant shall be notified in writing and the applicant will be required to deposit additional funds upon notice. These application fees and escrow deposits are in addition to those fees and escrow deposits required for zoning permit approvals.
- ☐ Preliminary Determination of Completeness. The Village Community & Economic Development Director, and other designated staff, will review the application for completeness and applicability. If the application is incomplete or if additional information is needed the applicant will be notified that the application is not complete, and the reasons will be stated referring to the specific additional information required. The applicant may then resubmit the application with additional information/modifications or may withdraw the application.
- ☐ Staff Review. Village staff, and/or Village consultants, will review the application for eligibility and complete a pro forma analysis of the project. In order to better understand the needs of the project, the applicant or staff may request a meeting(s). Review time will be approximately 30 days from the date the completed application is submitted to the Village; however, more or less time may be required for particular applications. Upon completion of staff review, the application and a supplemental staff report will be submitted to the CDA for recommendation to the Village Board.
- ☐ CDA TIF Application Recommendation. Upon completion of staff review, the application and associated staff report, will be scheduled for the next available CDA meeting. The applicant will be notified of the date of the meeting(s)² in which the application is reviewed. Applicants, or their agents, will be required to be present at the CDA meeting to answer questions regarding the proposed project. The CDA will make a recommendation to the Village Board to approve, approve with conditions, deny the application, or postpone action on the application pending further discussion or information by the applicant.

² The CDA and/or 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 a closed session, specifically to discuss the TIF application or Development Agreement.

- ☐ **Village Board Preliminary Approval of TIF Application.** The application will be reviewed by the Village Board at its next scheduled meeting following action by the CDA. The applicant will be notified of the date of Village Board meeting(s)² in which the application is reviewed. Applicants, or their agents, will be required to be present at the Village Board meeting to answer questions regarding the proposed project. The Village Board may approve, approve with conditions, deny the application, or postpone the application pending further discussion or information by the applicant. The Village Board may also refer the matter back to the CDA, or another Village committee, for further consideration. *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 Village Staff and the applicant to draft a Development Agreement for future consideration by the Village Board.*
- ☐ **Draft Development Agreement.** Upon preliminary approval of the TIF Application by the Village Board, Village Staff and the Village Attorney shall draft a Development Agreement based on the direction provided by 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 the terms and conditions of TIF assistance.
- ☐ **Financial Background Review.** Village Staff, or the Village Attorney, may complete an additional financial background review of the applicant. The applicant shall work in good faith to provide financial background materials requested by the Village, including but not limited to, commercial loan commitments, credit reports, personal and business financial statements and tax returns for at least the last two years.
- ☐ **CDA Recommendation on Development Agreement.** The CDA will meet² to provide a recommendation to the Village Board regarding the Development Agreement.
- ☐ **Village Board Final Approval of Development Agreement.** The Development Agreement will be considered for approval by the Village Board².
- ☐ **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.

Planning & Zoning Permits

Development projects are also subject to separate planning and zoning permit reviews by the Plan Commission and Village Board as applicable. Typically, these reviews will occur concurrently with the review of the TIF application. Approval processes, required permits, and meeting schedules can be reviewed during the Initial Staff Consultation.

Amendments to Existing TIF Development Agreements

Where the developer has identified a need to make a minor amendment to an existing TIF development agreement (e.g. loan subordination requests, or adjustments to terms unrelated to additional proposed development), said requests shall be submitted in writing to the Community & Economic Development Director, including those terms proposed for minor amendment and the reason for the request. The minor amendment will be placed on a CDA agenda for discussion and recommendation to the Village Board for action. For amendment requests involving the construction of additional phases of development which include requests for additional TIF incentives (major amendments), the procedures in Section 7 shall be followed. The Community Development Authority shall decide whether a proposed amendment is minor, with appeal made to the Village Board.

**TAX INCREMENT FINANCING
DEVELOPMENT INCENTIVES
POLICY MANUAL**



Application ID: _____ (Year) - _____ (#) to be completed by Village Staff upon submittal

Please complete and submit the following information to the Village Community & Economic Development Director for a more detailed review of the feasibility of your request for Tax Incremental Financing (TIF) Development Incentives. The application is comprised of five sections: (A) Applicant Information, (B) Property Information, (C) Project/Business Information, (D) TIF Request, (E) Budget/Financing Strategy, and (F) Applicant Certification and Acknowledgement. Where there is not enough room for responses provided, please use an attachment. Where questions do not apply, mark NA (not applicable). Applicants are encouraged and may be required to submit additional information such as site plans, environmental studies, market studies, business plans, business or personal financial statements, or financial commitment letters to be included for review and consideration.

A. APPLICANT INFORMATION

Project Name: _____

Applicant: _____

Mailing Address: _____

Primary Contact: _____ Telephone: _____

Email: _____ Fax: _____

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

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

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

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 or elected official of the Village of McFarland?

☐ No ☐ Yes, If yes, give the name and relationship of the employee: _____

Provide the names of consultants (e.g., attorneys, engineers, planners, architects, contractors, etc.) authorized to act on behalf of the applicant.

Name	Title/Company	Email	Phone #
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B. PROPERTY INFORMATION

Parcel(s) Address: _____

Parcel(s) Tax Number: _____

As the Applicant, are you the current owner of this 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

Parcel Contains Existing Buildings? ☐ No ☐ Yes

If yes, indicate Total Building Size _____ sq.ft.

Most recent property assessment (PA):

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

Existing Uses: _____

Existing Zoning: _____

Existing Uses, Adjacent Parcels: _____ N _____ S _____ E _____ W

Existing Zoning, Adjacent Parcels: _____ N _____ S _____ E _____ W

Will a zoning change be requested? ☐ No ☐ Yes

If yes, indicate new zoning _____

Identify other approvals, permits, or licenses your project may need (e.g., County, State or Federal permits).

Existing Mortgage Holder: _____

Contact Person & Phone Number: _____

Does the property have any existing tax delinquencies, zoning or building violations? ☐ No ☐ Yes

If yes, explain: _____

C. PROJECT/BUSINESS INFORMATION

Proposed Use (check all that apply): ☐ Industrial ☐ Commercial ☐ Mixed-Use
☐ Market Rate Multi-Family Development ☐ Affordable Housing

Project Description. Provide a description of the project. Where applicable, a concept site plan and architectural building elevations shall be submitted with the application. Applicants may supplement these materials by including a portfolio of similar/past projects.

Will the project incorporate any affordable housing units? Describe.

Will the project incorporate any renewable energy systems, “sustainability” or “green design” concepts? Describe.

Will the project incorporate any exterior art or placemaking amenities? Describe.

Current annual revenue: \$_____ Estimated annual revenue: \$_____

Current annual expenses: \$_____ Estimated annual expenses: \$_____

Cap rate: _____

Business Plan and/or Marketing Plan attached? ☐ No ☐ Yes

Balance Sheets and Profit and Loss Statements for the past three years attached? ☐ No ☐ Yes

Describe the project schedule.

Final Plan/Specification Preparation Date: _____

Preliminary Construction Start Date: _____

Preliminary Construction Completion Date: _____

Date Occupied or Opened: _____

Number of principal buildings: _____ Estimated total building square footage: _____

Estimated equalized assessed valuation after project completion (EAV)

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

Estimate the incremental property taxes to be generated by the project (attach any independent appraisals).

Pre-improvements: \$ _____ PA x _____ Mill Rate = \$ _____ Total (A)

Post-improvements: \$ _____ PA x _____ Mill Rate = \$ _____ Total (B)

Additional increment (B-A) = \$ _____

Will the proposed project result in the relocation of economic activity/businesses from another location within the Village? ☐ No ☐ Yes

If yes, discuss the nature of any anticipated relocations and the impact the relocation would have on the existing property or neighborhood where such activity is currently located.

Identify any proposed tenants of the project. Have leases been negotiated or signed? ☐ No ☐ Yes

Who will own and operate the developed property? _____

Do similar businesses/uses already exist in McFarland?

☐ No ☐ Yes, If yes, indicate _____

Describe any differences in your proposed business/uses to existing businesses/uses

Current and Created Jobs by Annual Wage Range (Full Time ≥ 30 hrs/week). Applicant may also provide a list of employment positions and wages.

\$19,000 or less

_____ Full Time (current) _____ Part Time (current) _____ FT (created) _____ PT (created)

\$20,000-\$39,000

_____ Full Time (current) _____ Part Time (current) _____ FT (created) _____ PT (created)

\$40,000-\$59,000

_____ Full Time (current) _____ Part Time (current) _____ FT (created) _____ PT (created)

\$60,000-\$79,000

_____ Full Time (current) _____ Part Time (current) _____ FT (created) _____ PT (created)

\$80,000 or more

_____ Full Time (current) _____ Part Time (current) _____ FT (created) _____ PT (created)

Average per hour wage rate of all employees (not including benefits) \$ _____

Minimum hourly wage rate (not including benefits) \$ _____

Approximately what percentage of employees do you expect will be hired from the McFarland area (i.e. 53558 zip code) _____.

Will the proposed business offer its employees a benefit package including health care and retirement benefits?

☐ No ☐ Yes

Discuss neighborhood impact/support for the project. Has the applicant discussed the project with neighboring property owners? ☐ No ☐ Yes

Discuss any history of community involvement by the applicant or business within the Village.

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

If yes, describe the portions of the project completed, the work remaining, and why public financing is necessary to complete the project.

D. TIF REQUEST

State the total amount of TIF assistance being requested: \$ _____

State the form of incentives requested:

- ☐ Developer Loan (pay-as-you-go) ☐ Traditional Loan ☐ Tax Increment Loan at Occupancy
- ☐ Tax Increment Loan at Project Start ☐ Other _____

State the need and justification for TIF assistance. Explain how the applicant intends to demonstrate compliance with the “but for” test. Provide a 10-year projected cash flow pro forma for the project showing revenues, expenses, net operating income, and the anticipated rate of return with and without TIF assistance. Substantiate that other alternative methods of financing have been thoroughly explored. The burden is on the requesting party to prove that the proposed project would not be feasible without TIF assistance. Every other financial alternative should be explored prior to the use of TIF, including equity participation, other federal and state funds, tax credits, loans, etc.

[illegible]

Identify any Merit Based Adjustments to Maximum Assistance and how the project qualifies:

- ☐ Affordable Housing ☐ Renewable Energy Systems

Check which box(s) best describe the use of TIF funds:

- | | | |
|---|--|--|
| ☐ Land Acquisition | ☐ Environmental Audits | ☐ Surveying/Site Grading |
| ☐ Demolition/Remediation | ☐ New Construction | ☐ Rehabilitation/Expansion |
| ☐ Utility Improvements | ☐ Streets/Parking/Access | ☐ Landscaping/Recreation/Conservation |
| ☐ Renewable Energy Systems | ☐ Exterior Art/Place Making Amenities | ☐ Financing Costs |
| ☐ Professional Fees | ☐ Other | |

E. PROJECT BUDGET AND FINANCIAL STRATEGYBudget source: ☐ Developer ☐ Arch/Eng ☐ Contractor ☐ Other _____

Project Costs	Amount (\$)	Source(s) of Financing
Property Acquisition*		
Environmental Audits		
Site Grading/Soil Remediation		
Demolition/Remediation		
Construction of New Building(s)		
Renovation of Existing Structures		
Utility Improvements (water, sewer, storm, etc.)		
Streets/Parking/Access		
Landscaping/Recreation/Conservation		
Renewable Energy Systems		
Exterior Art/Placemaking Amenities		
Architectural/Engineering/Surveying fees		
Legal & other professional fees		
Permit fees		
Financing fees		
Developer fees		
Other (please specify)		
Total Project Costs		

*If land will be purchased for the project, please describe the purchase price, and supply any appraisal or other documentation available that provides information relating to the fair market value of the property.

Sources of Financing	Amount (\$)	Percent of Total Costs
TIF		%
Developer Equity		%
Investor Equity		%
Loans		%
Grants		%
Other (please specify)		%
Total Project Costs		100.0 %

Lender for Project if in addition to the Village: _____

Officer _____ Phone _____ Email _____

Preapproved: ☐ No ☐ Yes, attach a Letter of Commitment from the Lender indicating that the applicant has sufficient financial resources to obtain the private financing for the project.

Grant Sources: _____ Grant Amount: _____

Grant Officer: _____ Phone _____ Email _____

Application Status: _____

Date of Grant Announcement: _____

F. APPLICANT CERTIFICATION AND ACKNOWLEDGEMENT

I acknowledge being informed that the Village of McFarland (Village) will, upon request by a member of the public or in the course of reporting its activities to the public, disclose the names of individuals requesting Tax Incremental Financing (TIF), the amount of TIF requested, state/federal programs used, if any, and the development impact of the TIF requested (e.g. jobs created, tax base impact and total project investment), as may be required under applicable state statutes regarding open records or open meetings. I have been assured by the Village, and I understand, that other financial information provided by me in connection with this application or with assistance from the Village, if any is given (including, but not necessarily limited to business and personal financial statements, business operating statements, data on historical and projected future sales or other aspects of business performance, and business plans) will, to the extent permissible by law, and except for use in collection proceedings, if any, be treated as confidential. This will confirm that I have relied upon such assurance by the Village in providing financial information to the Village, and that, but for such assurances, such information would not be provided.

I certify that the information contained in this application is, to the best of my knowledge, true and correct. I agree to notify the Village, in writing, of any changes that materially affect the accuracy of this statement. I authorize the Village or its agents to verify the information provided in this application and to obtain additional information concerning the applicant(s) financial condition.

I certify through signing the TIF application that the final form and amount of financing the Village offers may differ from that requested. The form and amount of financing shall be finalized through the execution of a development agreement.

I certify that financial, insurance, and project assurances will be required as part of the final development agreement to be negotiated with the Village upon preliminary approval of this application. These may include, but are not limited to, assessment guarantees, letters of credit, personal or corporate guarantees, minimum payment agreements, lien waivers for contractors, consent of mortgagee or other loan security instrument. All terms and obligations of the Village and the applicant shall be finalized through the execution of a development agreement.

I certify, by signing and submitting this application, that additional costs, above the amount of the application fee, incurred by the Village for outside professional review or expertise of this application, and any development agreement resulting from this application, will be the responsibility of the applicant. I further certify that denial of the application or failure to reach agreement with the Village on a development agreement shall not entitle the applicant to a refund of the application fee or any amounts of the escrow used in the review of the application.

Applicant _____ Title _____

Signature _____ Date _____

Return To:

Village of McFarland
 Attn: Village Community & Economic Development Director
 5915 Milwaukee Street
 McFarland, WI 53558
 P: 608-838-3153