CITY OF STOUGHTON
FINANCE DEPARTMENT
207 S Forrest Street, Stoughton, WI 53589

(608) 873-6677 www.ci.stoughton.wi.us

DATE: July 26, 2021
TO: Finance Committee and Common Council
RE: 51 West TIF Application

51 West is to be a 70.25-acre mixed use neighborhood with 23 development lots (and seven outlots) in the northwest limits of the City of Stoughton – just south of Rutland-Dunn Town Line Road and split by USH 51.

Two commercial lots can host a variety of retail and business uses that would serve nearby residential neighborhoods and commuters (e.g., grocers, retailers, medical offices, financial offices, limited- and full-service restaurants, gas and conveniences store, or other similar commercial uses). The remainder of the neighborhood will include 357 residential units in a mix of formats, from single-family to duplex and small and large multi-family buildings, providing for a balanced, resilient neighborhood. Parks and trails are to be established on each side of USH 51. Stormwater facilities are large (about 19% of total land area), in order to prevent increased runoff even in 200-year storm events.

The developer has indicated there is a gap between the anticipated costs and anticipated revenues of an estimated $8,108,287. This gap is due to multiple factors, including the high percentage of the site (19%) reserved for stormwater, the strong investment in parks (16.5% of the acreage and $960,000 in improvement fees), the increasing and uncertain costs of construction and materials, the addition of various off-site improvements to serve this and other development in the area, and the costs to carry the debt that the TID is covering. We estimate a total of $4.2M in interest payments over a 17-year period. Because this is to be a developer-funded TID, the interest cost is included in the funding request.

The authority to approve the use of TIF assistance is vested solely in the Common Council. The City of Stoughton has a policy in place to assist the Common Council in determining whether or not to create a TIF District, and in determining whether or not to approve the use of TIF assistance for particular projects. Section 4 of the aforementioned policy instructs the Finance Director to provide a report to the Finance Committee and the Common Council addressing the following issues, which shall be considered by the Finance Committee and City Council prior to approving any TIF project:

A. Is the project authorized by the Project Plan for the TIF District?
B. Does the project serve one or more of the City's general goals for the use of TIF?
C. Is Tax Incremental Financing feasible, in that the TIF District will support the level of TIF investment?
D. Is the amount of Tax Increment Financing requested reasonably necessary to make the project financially viable?
E. Should a development agreement be required, and what terms should be included in the agreement?
F. Is more process (such as additional public hearings or a referendum) appropriate?
G. Such other factors as either the Finance Committee or the City Council deem appropriate.

The following section of this report addresses the issues noted above for consideration by the Finance Committee and Common Council.

A. Is the project authorized by the Project Plan for the TIF District?

The TIF District that will accommodate this project has not yet been created. If the Council is in agreement with the fact that this project will not move forward without TIF assistance and is tentatively comfortable with the funding request, this project will be specifically outlined in the TIF Project Plan.

B. Does the project serve one or more of the City's general goals for the use of TIF?

1. Eliminate blighting influences, redevelop underutilized lands, and provide suitable sites for industrial, commercial or residential development.

51 West is located with good highway visibility and access and designed for the compatibility of a mix of commercial and residential uses.

2. Achieve or accelerate development on sites that would not be developed without the use of Tax Incremental Financing.

The costs to develop 51 West and prepare for additional west side development are projected to exceed revenues by several million dollars. Without TIF support this land will not be developed now and may not be feasible for many years.

3. Increase employment opportunities in the City.

51 West will include commercial uses and employment opportunities and will support the housing demand for employees sought by other City employers.

4. Increase the tax base for the City and other taxing jurisdictions.

51 West is projected to add approximately $54 million in new tax base (2021 values).

5. Assists implementation of the City's Comprehensive Plan.

The proposed mix of commercial uses and residential uses (single-family, duplex, multifamily and senior housing) is consistent with the "Planned Mixed Use" designation in the City's 2017 Comprehensive Plan.

6. Provide affordable housing opportunities.

The proposed mix of housing types will help meet a variety of housing needs in the City. At the City's discretion, and separate from this request, TIF funding could specifically support the development of income-qualified housing to improve the availability of housing affordable to the local workforce.

7. Encourage unsubsidized private development in the City.

The proposed TID would subsidize private development, though only to the extent necessary to make it feasible. But for this assistance, these lands are unlikely to develop in a manner consistent with the Comprehensive Plan.

C. Is Tax Incremental Financing feasible, in that the TIF District will support the level of TIF investment?

51 West is requesting TIF assistance utilizing the "pay-as-you-go" method. This particular method, also known as developer financing, will reduce the financial exposure of the City and require 51 West to pay for the upfront costs of the proposed project costs related to on-site work. The City will provide a Municipal Revenue Obligation (MRO) to establish the criteria for reimbursement and to limit its financial exposure.

D. Is the amount of Tax Increment Financing requested reasonably necessary to make the project financially viable? This section also addresses Items G and H in the policy regarding developer equity.

Pending results of review done by Ehlers.

E. Should a development agreement be required, and what terms should be included in the agreement?

A Development Agreement will be required.

F. Is more process (such as additional public hearings or a referendum) appropriate?

This will need to be determined by the Common Council and is strictly left to its discretion. The creation of the TIF will require a Public Hearing.

G. Such other factors as either the Finance Committee or the City Council deem appropriate.

Similar to Item F above, this is strictly left to the Common Council's discretion.

Respectfully submitted,

Jamin Friedl, CPA
Director of Finance/Comptroller

CITY OF STOUGHTON
TAX INCREMENTAL FINANCING APPLICATION

Date: July 30, 2021

APPLICANT INFORMATION

Legal Name: RHD Properties, LLC

Mailing Address: 1081 Eagle Court, Edgerton, WI 53534

Phone: 608-712-2048 Email: Bob@rhdproperties.com

Legal Entity (check one): ____ Individual(s) ____ Corporation __X__ LLC

____ Partnership ____ Other: _____

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

Will a new entity be created for ownership (check one)? ____ Yes __X__ No

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

Name	Address	Title	Interest
Robert Dvorak	1081 Eagle Court, Edgerton, WI 53534	Owner	100%

DEVELOPMENT TEAM

Developer: RHD Properties, LLC

Engineer, Planner: MSA Professional Services, Inc.

Development Team expertise and experience in developing similar projects:

Developer Robert Dvorak and his wife have developed both residential and commercial property in Stoughton, including the Nordic Ridge residential neighborhood and Deer Point Business Park, located just south of 51 West on the west side of Hwy 51. In addition, development partner MSA Professional Services, Inc. has experience with a wide range of commercial and residential development design and construction across Dane County and Wisconsin.

Project Timeline		
Step	**Date**	
Final Plan / Specification Preparation	East – Summer 2021	West – 2022-2023
Bidding and Contracting	East – Summer/Fall 2021	West – 2022-2023
Firm Financing Approval	East – Summer/Fall 2021	West – 2022
Construction / Rehabilitation	East – 2021-2022	West – 2023-2031
Landscaping / Site Work	East – 2022	West – 2023-2031
Occupancy / Lease Up	East – 2022	West – 2023-2031

Project Narrative:
51 West is to be a 70.25-acre mixed use neighborhood with 23 development lots (and seven outlots) in the northwest limits of the City of Stoughton – just south of Rutland-Dunn Town Line Road and split by USH 51.

Two commercial lots can host a variety of retail and business uses that would serve nearby residential neighborhoods and commuters (e.g., grocers, retailers, medical offices, financial offices, limited- and full-service restaurants, gas and conveniences store, or other similar commercial uses). The remainder of the neighborhood will include 357 residential units in a mix of formats, from single-family to duplex and small and large multi-family buildings, providing for a balanced, resilient neighborhood. Parks and trails are to be established on each side of USH 51. Stormwater facilities are large (about 19% of total land area), in order to prevent increased runoff even in 200-year storm events.

- *West side of USH 51:* 2 commercial lots (13.68 acres), 9 single-family lots (2.6 total acres), 3 multi-family lots (148 units, 7.83), 3 zero-entry condo lots (30 units, 5.36 acres), 2 park and recreation lots (5.89 acres), and 3 stormwater management outlots (9.17 acres).
- *East side of USH 51:* 1 multi-family lot (160 units, 4.97 acres), 5 duplex lots (10 units, 1.46 acres), and 2 outlets offering both park space (5.72 acres) and stormwater management facilities (4.39 acres).

Financing
The project will be financed through a combination of developer equity and bank loans from the Bank of Deerfield and Park Bank, with these loans to be paid off by a combination of land sales and TIF support.

- The bank loans will total $3,000,000 and will be the first source of additional funds when construction begins in late 2021. It is assumed that these loans will have a 10-year terms at a rate of 4.5%. It will be paid off in 2031.

- The developer has approximately $1.7M in the project right now and will provide additional loans for all outstanding costs after the bank loans are applied. As parcels are sold that revenue will first be used to make payment on the bank loans and then be credited to the developer to reduce the outstanding developer loan. The developer loan will range as high as $5.7M in 2025 and will pay off in 2037.

Based on our projections of when development will occur (beginning in 2022), TID increment revenue and payments to the developer would commence in 2024 with a payment of $185,000 and would retire the remaining debt in 2037, with a peak annual payment of $811,000 in 2036. Our projections assume about 66% of the TID increment will be allocated to 51 West, reserving for other uses the remaining 33% of increment in years 2024-2037 and all increment that can be collected in years 2038-2041. That repayment schedule can be adjusted to use more or less of the available increment each year, with a corresponding impact on the cost of borrowing and total funding assistance needed. As currently projected and scheduled, a total of 54% of available increment would be available for other purposes.

Cost Estimates

The total cost to develop 51 West is estimated at about $19.5M, including financing costs.

Development Cost Estimates – Onsite and Serving 51 West Only		
Land Purchase and Clearing		$1,261,246
Taxes and Holding Costs		$320,000
Engineering/TIA/TID Creation/Permitting (MSA/Strand)		$525,535
Park Fees /Fees In Lieu Of		$959,802
East Side Improvements*		$2,851,000
West Side Improvements*		$5,948,000
Street Signs		$3,500
Gas/Electric		$365,000
Bank Loan	10 Yr AVE Balance $3,000,000	
	@ 4.75% Holding Expense	$1,425,000
Developer Loan	20 Yr AVE Balance $3,011,000	
	@4.75% Holding Expense	$2,783,000
Property Taxes	10 Yr Taxes and holding Cost	
	(30,000 p/yr)	$300,000
Surety		$18,000
City Admin, Bank Setup/Appraisals, Legal		$180,000
Title/Transfer/Recording Fees		$70,000
Subtotal		*$16,710,083*
Development Cost Estimates – offsite and/or serving off-site development, in City		
Roby Road*	Upgrade Existing 8" Sanitary to 10" (Kings Lynn to Virgin Lake)	$259,000
Watermain Upsizes**	Upgrade watermain 8" to 10" (Oak Opening, Nygaard, under USH 51)	$50,000
Sanitary extensions**	Extend 8" Sanitary to plat edges on Oak Opening and Nygaard	$40,000
Sanitary/Water Main**	Bore/Sleeve/pipes under Hwy 51	$155,000
Engineering	(MSA/Strand)	$50,000
Subtotal		*$554,000*
Development Cost Estimates – Oak Opening Drive, in Town		
Oak Opening (offsite)*	Watermain	$445,000
Oak Opening (offsite)*	Sewer	$304,000
Oak Opening (offsite)*	Pavement repair	$133,000
Engineering	(MSA/Strand)	$60,000
Subtotal		*$942,000*
Overall Project Expense Total		*$18,206,083*
7% Management Fee for Entire Project		*$1,274,426*
Total Project Expense 51 West		***$19,480,509***

*Detailed estimates for East, West, Roby and Oak Opening are provided separately. They include a 28% contingency reflecting the uncertainty around material pricing.

**Costs for onsite water upsizing, sanitary pipe extensions, and pipes under Hwy 51 are part of the East and West estimates in the appendix. These costs have been deducted from the East Side and West Side costs above. The sewer and water main extensions under USH 51 are deducted from the East Side costs, as they will be completed concurrent with the East Side work.

Revenue Estimates

All revenue for 51 West will come in the form of lot sales; individual lot development will be completed by others. The following estimates are based on conversations with potential buyers.

Lots 01 - 03	15 Duplex Structures ($55,000 per units, 30 units)		$1,650,000
Lots 04, 05, 18	292 Units ($10,000 per unit, 286 units)		$2,920,000
Lot 06	16 Units ($40,000 per unit, 16 units)		$640,000
Lots 07 – 15	9 Residential Lots ($100,000 per lot)		$900,000
Lots 16 – 17	13.68 Acres (595,901 Sq Ft X $9.00 p/sq/ft)		$5,363,109
Lots 19 – 23	5 Duplex Lots ($117,000 per lot)		$625,000
		SUBTOTAL	**$12,098,109**
		6% Realtor Fee	-$723,486
		NET	**$11,372,222**

Need for TIF Support

There is a gap between the anticipated costs and anticipated revenues of an estimated $8,108,287. This gap is due to multiple factors, including the high percentage of the site (19%) reserved for stormwater, the strong investment in parks (16.5% of the acreage and $960,000 in improvement fees), the increasing and uncertain costs of construction and materials, the addition of various off-site improvements to serve this and other development in the area, and the costs to carry the debt that the TID is covering. We estimate a total of $4.2M in interest payments over a 17-year period. Because the loan commitments are to be held by the developer, the interest cost is included in the funding request.

Consistency with the City's TIF Policy

The City's 2016 TIF policy established a set of "General Goals for the use of Tax Increment Financing". The seven goals are listed here with commentary about the consistency of the proposed 51 West TID.

A. *Eliminate blighting influences, redevelop underutilized lands, and provide suitable sites for industrial, commercial or residential development.*
   51 West is located with good highway visibility and access and designed for the compatibility of a mix of commercial and residential uses.

B. *Achieve or accelerate development on sites that would not be developed without the use of Tax Incremental Financing.*

The costs to develop 51 West and prepare for additional west side development are projected to exceed revenues by several million dollars. Without TIF support this land will not be developed now and may not be feasible for many years.

C. *Increase employment opportunities in the City.*
51 West will include commercial uses and employment opportunities and will support the housing demand for employees sought by other City employers.

D. *Increase the tax base for the City and other taxing jurisdictions.*
51 West is projected to add approximately $54 million in new tax base (2021 values).

E. Assists implementation of the City's Comprehensive Plan.
The proposed mix of commercial uses and residential uses (single-family, duplex, multifamily and senior housing) is consistent with the "Planned Mixed Use" designation in the City's 2017 Comprehensive Plan.

F. Provide affordable housing opportunities.
The proposed mix of housing types will help meet a variety of housing needs in the City. At the City's discretion, and separate from this request, TIF funding could specifically support the development of income-qualified housing to improve the availability of housing affordable to the local workforce.

G. Encourage unsubsidized private development in the City.
The proposed TID would subsidize private development, though only to the extent necessary to make it feasible. But for this assistance, these lands are unlikely to develop in a manner consistent with the Comprehensive Plan.

Jobs Created
51 West includes two commercial sites that could host a variety of retail or business uses. For job creation purposes, it should be assumed that these are mostly service sector jobs and a mix of full time and part time roles; a specific number projection is not possible. Most of the development will feature housing units, which will address the continued growth in demand for housing and support the efforts of existing employers to attract employees to Stoughton. Housing availability for people employed locally contributes to the success of those employers and increases the City's capture of consumer spending by people employed in the City.

Value Created
We estimate total new taxable value of about $54 million at build-out of 51 West. This is to be a developer-financed TID, with the TID-reimbursed loans to be held by the developer. As such, the risk is carried by the developer and a value guarantee is not required.

Parcel Number	Type of Development	Unit Count	Land Use Class	Acres	Estimated Growth in Value	Estimated Construction Year	Notes
1	Condominiums	12	Residential	2.26	$3,930,450	2031	Virgin Lake Comparison
2	Condominiums	12	Residential	2.12	$3,930,450	2029	Virgin Lake Comparison
3	Condominiums	6	Residential	1.06	$1,965,225	2026	Virgin Lake Comparison
4	MF Residential	36	Residential	1.53	$2,793,780	2026	Developer Calculation
5	MF Residential	96	Residential	3.75	$7,450,080	2028	Developer Calculation
6	MF Residential	16	Residential	2.55	$3,000,000	2024	Developer Calculation

7	SF Residential	1	Residential	0.34	$462,015	2025	Virgin Lake Comparison
8	SF Residential	1	Residential	0.28	$380,483	2025	Virgin Lake Comparison
9	SF Residential	1	Residential	0.28	$380,483	2026	Virgin Lake Comparison
10	SF Residential	1	Residential	0.28	$380,483	2026	Virgin Lake Comparison
11	SF Residential	1	Residential	0.28	$380,483	2027	Virgin Lake Comparison
12	SF Residential	1	Residential	0.29	$394,072	2027	Virgin Lake Comparison
13	SF Residential	1	Residential	0.28	$380,483	2028	Virgin Lake Comparison
14	SF Residential	1	Residential	0.28	$380,483	2028	Virgin Lake Comparison
15	SF Residential	1	Residential	0.29	$394,072	2028	Virgin Lake Comparison
16	Commercial	1	Commercial	1.74	$5,288,383	2024	Developer Calculation
17	Commercial	3	Commercial	11.61	$7,525,792	2026	Developer Calculation
18	MF Residential	160	Residential	4.86	$12,416,800	2022	Developer Calculation
19	Duplex	1	Residential	0.32	$402,739	2022	Nygaared/Jackson Area
20	Duplex	1	Residential	0.27	$339,811	2022	Nygaared/Jackson Area
21	Duplex	1	Residential	0.27	$339,811	2022	Nygaared/Jackson Area
22	Duplex	1	Residential	0.27	$339,811	2023	Nygaared/Jackson Area
23	Duplex	1	Residential	0.32	$402,739	2023	Nygaared/Jackson Area
O1	Outlot	0	Outlot	0.68	$0	2021	Included for acreage
O2	Outlot	0	Outlot	1.98	$0	2021	Included for acreage
O3	Outlot	0	Outlot	5.21	$0	2021	Included for acreage
O4	Outlot	0	Outlot	1.50	$0	2021	Included for acreage
O5	Outlot	0	Outlot	3.81	$0	2021	Included for acreage
O6	Outlot	0	Outlot	1.22	$0	2021	Included for acreage
O7	Outlot	0	Outlot	6.47	$0	2021	Included for acreage
O8	Outlot	0	Outlot	2.52	$0	2021	Included for acreage
ROW	Right-of-Way	0	Right-of-Way	10.24	$0	2021	Included for acreage
Total		**356**		**69.2**	**$53,658,929**		

Site Map and Project Rendering: See attached Development Plan dated March 29, 2021

Market Analysis: Regarding the market feasibility of the residential components of 51 West, there is ample evidence of demand for housing of various types. Ownership housing prices have been rising quickly in response to inadequate supply. Numerous housing studies completed in Dane County in the past few years describe a lingering shortage of inventory after construction mostly stopped during the Great Recession. Multifamily rental housing also continues to be in high demand because of shifting market preferences and the low inventory and high prices in the ownership market. Vacancy rates in rental housing have risen from historic lows to healthier levels in recent years due to construction across the region, but continued construction is necessary to keep pace with population growth in the County. 51 West offers a range of housing types in order to establish a robust, resilient neighborhood. An estimate of values for the planned units is provided in the preceding table. These values are derived from a review of sale prices and values in comparable development in the Stoughton area, and purchase negotiations with builders. The development team is confident in the stability of the residential values because the housing market is in a persistent state of inadequate supply due to a lack of construction during and after the Great Recession.

Regarding the market feasibility of the commercial components of 51 West, a review of available sites within the City that have good highway visibility and access revealed few sites and none truly comparable. The specific commercial users of the two proposed parcels on the west side of Hwy 51 are not yet known; the proposed zoning would allow for flexibility to respond to shifts in market demand over the next few years. We are confident in the stability of the commercial lot values because of the size and location of the proposed lots in the Stoughton market and the apparent resilience and resurgence of the retail sector coming out of COVID-19-related market fluctuations. As noted by commercial brokerage firm CBRE, grocers, convenience stores and quick-service restaurants are expected to grow aggressively.

An estimate of property values is provided in the preceding table.

Appraisal: Not Applicable

AGREEMENT

By signing this application, Applicant agrees to the following:

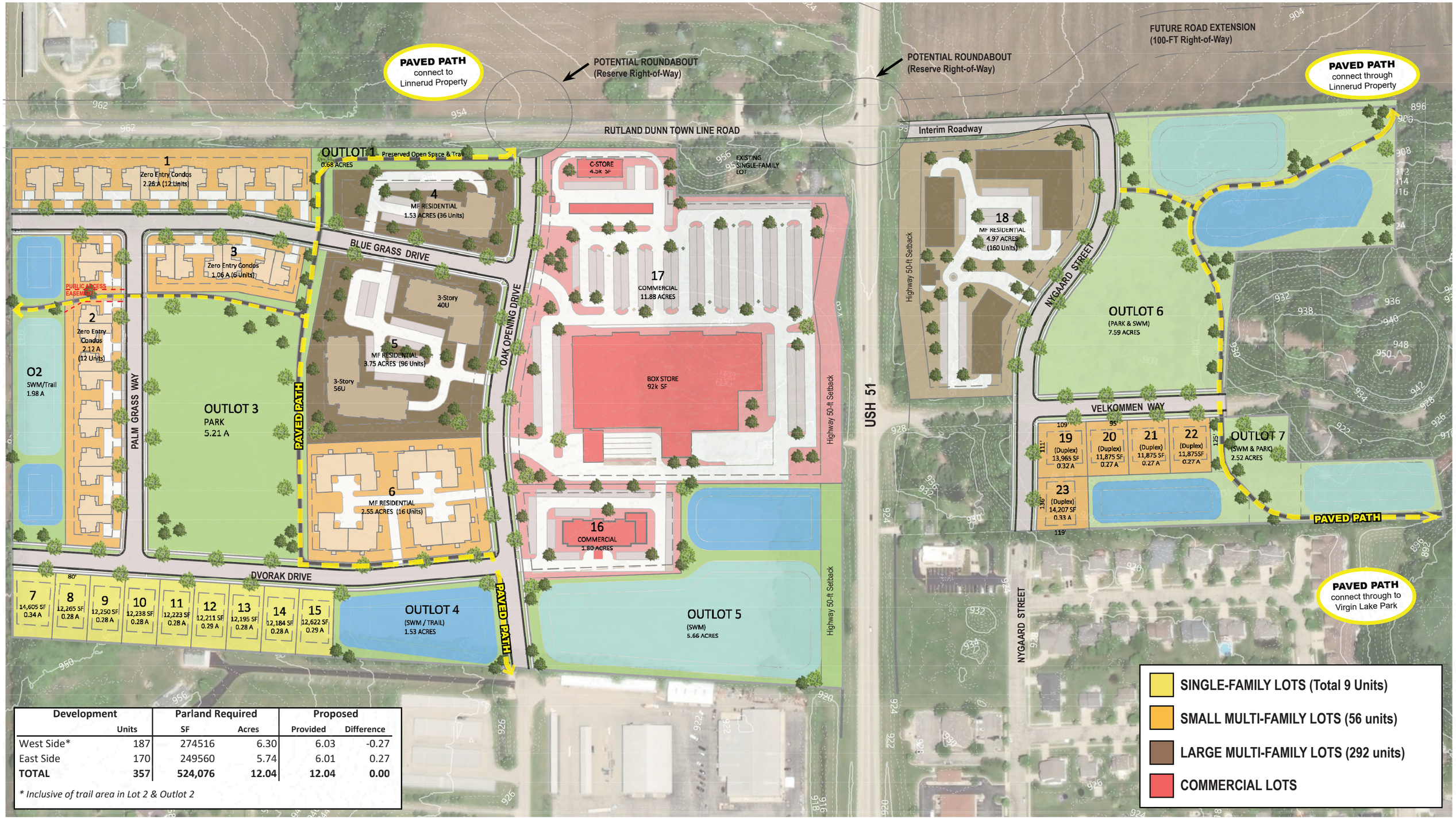
- The information submitted is correct.
- I agree to pay all City costs involved in the legal and fiscal review of this project. These costs may include, but not be limited to, bond counsel, outside legal assistance, and outside financial assistance, and all costs involved in the issuance of the bonds or loans to finance the project.
- I understand that the City reserves the right to approve or not approve this application, in the City's sole discretion.
- I authorize the City to check credit references and verify financial and other information.
- I agree to provide any additional information as may be requested by the City.

Robert H Dvorak	Member
Applicant Printed Name	Applicant Title
	7-30-21
Applicant Signature	Date

DISCLAIMER:
This neighborhood concept illustrates a proposed road layout, storm water management infrastructure, and lot layout with speculative development. The number of lots and design for specific sites are generalized based on what fits the location and intended use for the area. Development plans will be proposed by property owners at a future date based on market conditions and interests, and will be subject to City review (per zoning and subdivision ordinance) with this concept providing guidance to general connectivity and use.

51 WEST SUBDIVISION

CITY OF STOUGHTON, WI



Development		Parland Required		Proposed	
	Units	SF	Acres	Provided	Difference
West Side*	187	274516	6.30	6.03	-0.27
East Side	170	249560	5.74	6.01	0.27
TOTAL	**357**	**524,076**	**12.04**	**12.04**	**0.00**

** Inclusive of trail area in Lot 2 & Outlot 2*

March 29, 2021

MSA

City of Stoughton Policy
for the Creation of Tax Incremental Finance Districts
and the Approval of TIF Projects.

1. *Purpose*. This policy has been prepared to assist the City in determining whether to create a Tax Incremental Finance District, and in determining whether to approve the use of Tax Incremental Financing for particular projects. The authority to approve the use of Tax Incremental Financing is vested solely in the City Council. The City reserves the right to reject any and all projects, including projects that are eligible for the use of Tax Incremental Financing, for any reason or no reason. The City Council reserves the right to approve or disapprove any project as it deems appropriate.

2. *General Goals for the use of Tax Incremental Financing*. The City may consider whether a TIF District or a TIF project serves one or more of the following general goals when deciding whether to create a TIF District, or whether to provide TIF financing for a particular project:

   A. Eliminate blighting influences, redevelop underutilized lands, and provide suitable sites for industrial, commercial or residential development.
   B. Achieve or accelerate development on sites that would not be developed without the use of Tax Incremental Financing.
   C. Increase employment opportunities in the City.
   D. Increase the tax base for the City and other taxing jurisdictions.
   E. Assists implementation of the City's Comprehensive Plan.
   F. Provide affordable housing opportunities.
   G. Encourage unsubsidized private development in the City.

3. *TIF District Creation*.

   A. TIF Districts will be created in accordance with the procedures and standards in Wis. Stat. § 66.1105, and as such statute may be amended. (See Appendix A - Department of Revenue TIF Creation Checklist).
   B. The City Council may, in individual cases, expand the process for creating a TIF District in such manner as it deems appropriate.

4. *TIF Project Approval*. All TIF projects must be approved by the City Council, following review and report by the Finance Committee. The Finance Director shall provide a report to the Finance Committee and the City Council addressing the following issues, which shall be considered by the Finance Committee and City Council before approving any TIF project:

   A. Is the project authorized by the Project Plan for the TIF District?

B. Does the project serve one or more of the City's general goals for the use of TIF?
C. Is Tax Incremental Financing feasible, in that the TIF District will support the level of TIF investment?
D. Is the amount of Tax Increment Financing requested reasonably necessary to make the project financially viable?
E. Should a development agreement be required, and what terms should be included in the agreement?
F. Is more process (such as additional public hearings or a referendum) appropriate?
G. Will the potential developer's equity in the project exceed 10%?
H. Will the ratio of equity to assistance be at least equal (1 X Equity = or > Assistance)?
I. Such other factors as either the Finance Committee or the City Council deem appropriate.

5. *Permissive Referendum*. Before the City may issue bonds or otherwise borrow funds that will be payable over more than 10 years to fund a TIF project, the City Council must first adopt a resolution declaring its intent to borrow the funds. If a number of electors of the city equal to at least 15% of the of the votes cast for governor at the last general election in the city sign and file a petition conforming to the requirements of Wis. Stat. § 8.40 with the city clerk requesting submission of the resolution, the City may not issue bonds or borrow funds for financing the TIF project without calling a special election to submit the question of bonding or borrowing to the city electors for their approval.

6. *Negotiations*. City staff and the city attorney will negotiate development agreements within the parameters established by the City Council, and subject to final approval by the City Council.

   It should be noted that "pay-as-you-go" is the preferred TIF financing mechanism of the City Council to help reduce the financial exposure of the City. Under this financing method the developer pays the upfront costs of the project. The City would then establish the criteria to fully or partially reimburse the developer using future tax increment.

7. *Suspension of Policy*. This policy shall be followed in all cases, except where the common council approves deviating from this policy by a vote of two-thirds of the members present.

City of Stoughton, 207 S Forrest Street, Stoughton WI 53589

RESOLUTION OF THE COMMON COUNCIL

Authorizing and directing City staff to commence processing a request for Tax Incremental Financing ("TIF") for the 51 West Neighborhood in accordance with the City's adopted TIF Policy.

Fiscal Impact: Reimbursable by the Developer

File Number:	R-19-2021	**Date Introduced:**	February 9, 2021

WHEREAS, RHD Properties, LLC ("Developer") has submitted its concept for a 68.15-acre mixed-use Neighborhood in the northwest limits of the City of Stoughton; and

WHEREAS, Developer has informed City staff that Developer is unable to develop the property without financial assistance in constructing certain public improvements, including installation of water main for looping purposes, upsizing of new water and wastewater main, and oversizing of storm water management infrastructure; and

WHEREAS, providing financial assistance to facilitate the proposed 51 West Neighborhood development would require the creation of a TIF District, and Common Council approval of TIF funding; and

WHEREAS, The creation of a mixed-used TIF District in this area could also provide potential funding for HWY 51 safety improvements, HWY 51 infrastructure improvements, park land and park and trail improvements; and

WHEREAS, the City Council has adopted the City of Stoughton Policy for the Creation of Tax Incremental Finance Districts and the Approval of TIF Projects (the "Policy"), which explicitly states that "pay-as-you-go is the preferred TIF financing mechanism of the City to help reduce the financial exposure of the City.

NOW, THEREFORE, THE CITY OF STOUGHTON COMMON COUNCIL HEREBY

- Authorizes and directs City staff to commence processing the Developer's request for TIF funding, to prepare a report to the Common Council regarding the proposed use of TIF funding, and to obtain negotiation parameters in accordance with the Policy.
- Directs City staff to begin preparing a boundary map and project plan for a future mixed-use TIF district to be presented to the City Council for consideration.

Council Action: [√] **Adopted** [ ] **Failed** **Vote** 9-1

Majewski voted no

Mayoral Action: [√] **Accept** [ ] **Veto**

Tim Swadley 2-9-21

Tim Swadley, Mayor Date

Council Action: _____ [ ] **Override** **Vote** _____