

Resolution R-18-05

City of Stoughton Resolution
establishing policies for the use of
Tax Incremental Financing (TIF)

Introduction

During the year 2005, the CITY OF STOUGHTON embarked on a comprehensive planning process and established a Redevelopment District. The impetus for these activities is a strong desire to understand what the community can be and to put the tools in place to make it happen.

The CITY will be assigning responsibility to a Committee or Commission to take the lead on redevelopment activities and the implementing of TIF districts. The policies that follow are **intended to provide guidance** to developers and the community regarding the types of projects the CITY would like to consider, the potential amount of assistance that can be expected for eligible projects and the performance expectations for projects which receive TIF assistance.

Important Notice and Disclaimer

The attached policies and guidelines have been prepared by the CITY for the purpose of guiding recommendations regarding Tax Incremental Financing (TIF) assistance to projects within CITY designated redevelopment areas. The authority to make decisions regarding the use of TIF funds is vested solely in the City Council of the CITY OF STOUGHTON. **Projects requesting TIF assistance are cautioned that the attached information has been prepared primarily for internal use by the CITY** and to inform applicants of the types of projects the CITY would consider recommending for TIF assistance. The CITY reserves the right to reject any and all projects, even those which satisfy all of the attached criteria for the use of TIF for any reason whatsoever, without regard for the viability of the project. **Furthermore, the CITY reserves the right to waive, amend or adjust these policies, and recommend any project the CITY deems to be in the best interests of the CITY OF STOUGHTON.**

Policy for the Use of Tax Increment Financing

WHEREAS, Tax Incremental Financing (TIF) is an important tool and resource for improving the community by funding public improvements and Fostering development and redevelopment projects which the City finds and determines are desirable and in the public interest; and,

WHEREAS,

the CITY OF STOUGHTON finds it in the best interest of the public to establish certain policies and guidelines for the consideration of proposals that may be presented to the CITY by private developers requesting TIF assistance; and,

WHEREAS, by adopting this policy the CITY has determined that the use of TIF should be reserved for projects which further an important and clearly definable public interest of the City; and,

- The KPW project provides for the financing of needed safety improvements to the City's infrastructure along Hwy 51 and Hwy 138.

WHEREAS, the CITY desires to use TIF for those projects which demonstrate the highest public benefit by eliminating blight, financing desirable public improvements, strengthening the employment and economic base, increasing property values, creating economic stability, and implementing the Comprehensive Plan, Redevelopment Plans and economic development strategy of the City; and,

WHEREAS, by adopting this policy the CITY intends to set forth a flexible framework for evaluating private applications for TIF assistance; and

WHEREAS, all applications for TIF assistance submitted to the CITY will be evaluated on their own merits, and an evaluation of the proposals will be performed by City Staff and **forwarded to Finance Committee** with recommendations; and

- After consulting with Finance Chair most items are sent directly to Council
- Or Directed by Council to present to the Body as a Whole.

WHEREAS, all projects must demonstrate financial and economic reasons such that they would not otherwise go forward and be viable,

- The KPW project is consistent with the City's Comprehensive Plan.
- Needed infrastructure improvements must be installed in order for this area of the City to Develop.
- In order to finance the infrastructure improvements the City must wait for a project to be proposed.

NOW, THEREFORE, BE IT RESOLVED after due consideration, the CITY OF STOUGHTON hereby approves the following as its official TIF policy; and

BE IT FURTHER RESOLVED: that the Tax Increment Financing (TIF) Policies and Guidelines are hereby adopted as fully set out herein and CITY staff is hereby authorized to implement the following policies and to make such additional changes and clarifications, (as approved by the City Council), as shall be deemed advisable and in the best interest of the City:

A. General Policy

- It is the policy of the CITY to consider the judicious use of TIF for those projects which demonstrate a substantial and significant **public benefit by constructing public improvements** or offering other financial assistance in support of developments that will:
 - eliminate blight
 - strengthen the employment and economic base of the City
 - increase property values and tax revenues . Create economic stability
 - upgrade older neighborhoods
 - implement plans and development strategies adopted by the City
 - provide affordable housing opportunities per City Comprehensive Plan definitions
- Care will be exercised in the use of TIF to thoroughly evaluate each project to ensure that the benefits which will accrue from the approval of the project are appropriate for the costs which will result, and that they are equitable to the City as a whole

B. Policy Guidelines.

The following criteria are to be used by the CITY to evaluate requests for TIF assistance:

1. TIF assistance will not be considered for new residential development projects unless those projects:

- occur on parcels which were platted prior to September 30, 1995; *and*
- causes the redevelopment of blighted or underutilized parcels in conformance with the City's Comprehensive Plan and any Project Area Redevelopment Plans.

2. Each request for TIF assistance must demonstrate that "but for" the use of TIF assistance, the project is not feasible on the proposed site and that the public benefits described above would not be achieved.

3. All requests for TIF assistance will be required to demonstrate:

- That the property tax payments expected to be generated by the project will be sufficient to service any tax increment debt, or other City incurred costs, in support of the project, within a period of no more than 10-15 years. (Developer agreements incorporating guarantees to this effect will be required.)
- The CITY may amend or adjust this requirement for projects which, in the City's determination provide extraordinary public benefit.

4. The actual amount of TIF assistance provided to a project will be determined at the discretion of the CITY on the basis of need, risk, project characteristics, developer qualifications and the degree to which the project meets the public objectives of the CITY described in Section A. General Policies. The CITY is not obligated to provide TIF assistance to any project and may reject requests for TIF assistance for any reason, even if the project meets all criteria described herein.

. The total amount of TIF assistance in support of a project should not exceed fifteen percent (15%) of the total project costs. This limitation shall not apply to public improvements in support of the project.

- Total Developer project cost = \$9,265,958
- Pay-Go TIF Assistance = \$550,000
- 5.9%
- Only payable if there is more development than is called for in the Developer Agreement.

6. Each request for TIF assistance must include evidence that the applicant:

- Has the financial ability to complete and operate the project.
- Will be liable for, or contribute equity of at least fifteen percent (15%) of the total cost of the project or provide a performance bond for the completion of the project. Projects with equity contributions from the developer in excess of fifteen percent (15%) will be viewed more favorably.
- Has thoroughly explored alternative financing methods.

- 7. The CITY will enter into a Development Agreement with the private developer on all projects which have been approved for TIF assistance. The Development Agreement will describe the obligations of both the CITY and the developer, and the terms and conditions of TIF assistance. Development Agreements will be secured by Developer personal guarantee, Bank Letter of Credit, Performance Bond, or other security mechanisms as deemed appropriate by the CITY.

8. The City will maintain a retainage account, require a performance bond, or require other forms of security until each project is completed and satisfies all conditions and performance standards described in the Development Agreement.

9. Requests for TIF assistance for retail and service/commercial projects should be limited to those projects that will promote the upgrading, expansion or retention of existing retail, service or commercial businesses, encourage an inflow of customers from outside the City or will provide services or fill retail markets that are currently unavailable or in short supply in the City.


10. Requests for TIF assistance which include the establishment of a multi-tenant retail, commercial or service center, or the redevelopment of existing centers, should include information as to the business type of the major tenants of the project. In addition, a thorough market analysis should be completed which identifies:

- the population areas that will be drawn from; and,
- the businesses of similar types which would be competing with other City businesses.

11. If businesses are to be relocated from other areas of the City into a TIF district, sufficient justification will be included to indicate why this relocation should be considered. Such justification shall include an analysis of the impact the relocation will have upon the neighborhood in which the business is currently located.

12. The CITY may use TIF revenue from a project
for public improvements anywhere within the
TIF district

13. All requests for TIF assistance must clearly comply with the requirements of the TIF Statute and the City's adopted TIF Project Plan



This Resolution is being adopted by
the CITY OF STOUGHTON at a duly
scheduled meeting on August 9,
2005.