



City of Racine, Wisconsin

COMMON COUNCIL
AGENDA BRIEFING MEMORADUM (ABM)

COMMITTEE: Common Council

LEGISLATION ITEM #:

Related Items #: 0628-22 Creation of TID #30 Regency Mall

AGENDA DATE: 04/10/2023 Finance and Personnel Meeting, 04/17/2023 Common Council Meeting

DEPARTMENT: City Development

ABM Prepared by: Director Fischer

Reviewed by: Administrator Vornholt

SUBJECT:

Communication from Mayor Mason seeking approval to enter into a development agreement with Racine Mall, LLC. regarding the redevelopment of Regency Mall.

EXECUTIVE SUMMARY:

The Common Council created Tax Increment District #30 specifically for the redevelopment of the Regency Mall area. The Regency Mall Project envisions the redevelopment of blighted area comprising approximately 138 acres located in the southwest corner of the CITY generally bounded by S. Green Bay Road to the west, Durand Avenue to the south, Roosevelt Avenue to the east and 21st Street to the north. The district will be created to pay for costs of development incentives need to promote commercial, retail, and multi-family residential development. The first phase of the development will include a grocery super center. The second phase of the project will include approximately 279 market rate apartments and a new retail center. The final phase will include five restaurants and a retail out parcel (the three phases described above are the "PROJECT"). The PROJECT will be a mixed-use redevelopment for market rate residential, commercial buildings, and community amenities.

32 **CITY INVESTMENT & BUDGETARY IMPACT:**

33 DEVELOPER-FUNDED INCENTIVE. A tax increment developer-funded incentive (pay-go) shall be
34 paid to DEVELOPER. As the sole source of payment for the DEVELOPER-FUNDED INCENTIVE, the
35 CITY agrees to pay DEVELOPER ninety percent (90%) of all Tax Increment tax generated by the
36 District each year within the District for 27 years or through 2050, whichever is sooner, up to a
37 maximum aggregate total incentive of \$39,400,000.00.

40 **DEVELOPER OBLIGATIONS:**

41 DEVELOPER shall be responsible for securing all other sources of financing required for the
42 PROJECT and may pledge the annual TIF DEVELOPER-FUNDED INCENTIVE as security for such
43 sources of additional financing. DEVELOPER must provide evidence of fully committed private
44 financing and/or equity of at least 15% to complete the PROJECT in its entirety prior to payment
45 of the DEVELOPER-FUNDED INCENTIVE.

46
47 DEVELOPER shall pay \$15,000 to the CITY to cover administrative costs associated with TID
48 creation and ongoing administration upon the earlier of closing on DEVELOPER's construction
49 financing for Phase I or the pulling of a permit to begin Phase I

50
51 Prior to payment of any DEVELOPMENT INCENTIVES, DEVELOPER shall enter into and agree to
52 record a Payment in Lieu of Taxes ("PILOT") agreement, providing that the PROJECT will be
53 subject to property taxes.

54
55 DEVELOPER will prepare detailed infrastructure plans and cost estimates for the on-site
56 infrastructure associated with the PROJECT including roadways, walkways, lighting, water,
57 sewer, and electrical utilities, storm water improvements, landscaping, hardscaping, grading,
58 parking, conduit, fiber, certified survey map, and other related improvements within the area.
59 The site infrastructure layout remains subject to final design modifications and approvals.
60 DEVELOPER will work with CITY consultants for plan review and approval to ensure best
61 practices.

62
63 DEVELOPER shall fully comply with all applicable CITY rules, regulations, policies and ordinance
64 provisions, including the "Racine Works" Ordinance which requires construction work hours to
65 include 20% qualified and eligible low-income CITY residents and shall comply with all City
66 Zoning Ordinances and Building Codes. DEVELOPER and CITY acknowledge that the hiring of
67 labor for pending construction projects in Racine County and surrounding area may reduce or
68 make unavailable a sufficient pool of qualified and eligible low-income CITY residents to meet
69 the 20% requirement. Accordingly, If DEVELOPER can demonstrate in good faith to the CITY that
70 best efforts were made but were unsuccessful in achieving this goal, by mutual agreement with
71 the CITY, the DEVELOPER may make up the difference with a 2 to 1 ratio of other CITY residents.
72 DEVELOPER is strongly encouraged to set and achieve minority hiring goals and work with the
73 CITY's apprenticeship providers (WRTP-Big Step, YMCA-First Choice Pre-apprenticeship, etc.) in
74 implementing Racine Works.

75

76 DEVELOPER will proceed in good faith with the planning and development of future phases of
77 the PROJECT.

78
79 As a DEVELOPER-FUNDED INCENTIVE, it is in the DEVELOPER’S best financial interest to begin
80 and complete the described project work as soon as possible, and the DEVELOPER plans to
81 commence construction of the PROJECT no later than June, 2023, and to complete construction
82 on or before December, 2025.

84 **BUDGETARY IMPACT:**

85 Various funding sources will be used as part of the financing stack for this agreement, the City’s
86 budgetary impact will be as follows:

- 87 1. **Tax Incremental Developer Funded “Pay Go” Incentive:** 90% of the tax increment generated
88 not to exceed \$39,400,000, over the life of the district

89 Over the life Tax Increment District 30 (all phases being implemented for this project), it is estimated
90 that by 2050 the City will collect \$54.5 in tax increment from a final project valuation of over
91 \$80,000,000. *Project will provide significant Net New Construction value which will allow the City*
92 *increased operating levy capacity.*

93
94 **RECOMMENDED ACTION:**

95 To authorize and direct the Mayor and the City Clerk to enter into a development agreement with
96 Racine Mall, LLC, regarding the Regency Mall Project associated with TID #30 and execute all necessary
97 documents.

98

99 **Exhibit A**

CONCEPT PLAN: OVERALL DEVELOPMENT

