

PROJECT PLAN
for
TAX INCREMENTAL DISTRICT NUMBER 15
CITY OF RACINE
(Homeward Bound Site)

City Plan Commission
of the
City of Racine
Wisconsin

Prepared by
Department of City Development

in conformance with the provisions
of Section 66.1105, Wisconsin Statutes,
as amended.

APPROVALS:

City Plan Commission:	July 26, 2006
Common Council, City of Racine:	August 15, 2006
Standing Joint Review Board:	August 30, 2006

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I. DESCRIPTION OF PROJECT

A. Introduction

Wisconsin state law allows cities and villages to create Tax Increment Districts (TIDs) to provide financial assistance for new development and redevelopment. In TIDs the expense of public improvements and other redevelopment activities that are essential for the new development may be paid with the property taxes resulting from the new development. Over the years, Racine has created a number of TIDs. The City of Racine now proposes to use the Tax Increment Law to provide financing for selected activities related to the redevelopment of 1014 Dr. Martin Luther King Drive, the site of the former Homeward Bound homeless shelter and administrative office. The redevelopment project proposes the construction of twelve market-rate single-family housing units and a small open-space buffer along King Drive. The TID is proposed to be a "pay as you go" TID for which the developer will arrange financing. The City's obligation will be limited to conveying only the actual increments received from the district to the developer to support the project.

Section 66.1105(4)(d), Wisconsin Statutes, requires the "preparation and adoption by the planning commission of a proposed project plan for each tax incremental district." This project plan is submitted in fulfillment of this requirement and the related provisions of section 66.1105, Wisconsin Statutes.

B. District Boundaries

Tax Incremental District Number 15 (TID #15) is composed of one parcel that is located on Racine's near north side at 1014 Dr. Martin Luther King Drive. The District is shown on Map No. 1, "Project Area Boundary," and described more precisely as follows:

Begin at a point which is the intersection of the east line of Dr. Martin Luther King Drive and the south line of West Street; travel thence westerly along the south line of West Street to the west line of Wilson Street; travel thence northerly along said line to the intersection of the west line of Wilson Street and the north line of Prospect Street; thence easterly to the intersection of north line of Prospect Street and the center line of King Drive; thence southerly to the point of beginning of this description. Said land being in the City of Racine, Racine County, Wisconsin.

As required by the TID Law, the area consists solely of whole units of property "as are assessed for general tax purposes and which are bounded on one or more sides by railroad rights-of-way, highways or rivers."

The District contains property totaling approximately 2.53 acres. The entire District is "blighted" and "in need of conservation and rehabilitation".

II. PLAN PROPOSALS

A. Statutory Requirements

Section 66.1105(4)(f), Wisconsin Statutes, requires that a project plan for a Tax Incremental District as adopted by a planning commission and submitted to the local legislative body shall include:

"... a statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided in subsection (2)(f)1.k., outside the district, an economic feasibility study, a detailed list of estimated project costs, and a description of the methods of financing all estimated project costs and the time when the costs or monetary obligations related thereto are to be incurred. The plan shall also include a map showing existing uses and conditions of real property in the district; a map showing proposed improvements and uses in the district; proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances; a list of estimated non-project costs; and a statement of a proposed method for the relocation of any persons to be displaced. The plan shall indicate how creation of the tax incremental district promotes the orderly development of the city."

The plan shall also include an opinion of the City Attorney or of any attorney retained by the City advising whether such plan is complete and complies with Section 66.1105(4)(f), Wisconsin Statutes.

B. Compliance with Statutory Requirements

The following statements, maps and exhibits are provided in compliance with the statutory requirements.

1. "Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements."

a. In October, 2005 the Homeless Assistance Leadership Organization (HALO) began consolidating Racine's emergency shelter services at its newly renovated facility on De Koven Avenue. Services for men were the first to be provided at HALO's facility and within months the services that had formerly been provided by Homeward Bound were relocated to HALO's facility, leaving the site, at 1014 Dr. Martin Luther King Drive unoccupied. Shortly thereafter, M & I Bank obtained an option to purchase the site and began exploring redevelopment options.

It was quickly determined that Homeward Bound's facility was dilapidated beyond repair and had outlived its useful life. Further analysis and discussions with City of Racine officials led to a general plan to construct 12 new single-family homes with a park like buffer space along the King Drive side of the site.

M & I Bank, through its M & I Community Development Corporation subsidiary, approached Neighborhood Housing Services (NHS) of Southeast Wisconsin to act as developer of the project and asked the city to assist in redevelopment of the site. NHS has agreed in principle to be the developer and the city has agreed to provide financial assistance to reduce the costs of demolition and site preparation, and to install the necessary public utility services.

NHS, acting as the project developer, has submitted a letter requesting the city's financial participation through the mechanism of a Tax Incremental District (TID). The TID is proposed to be a "pay as you go" TID for which the developer will arrange financing. The city's obligation will be limited to conveying only the actual increments received from the district to the developer to support the project. The obligations of the developer and the city will be formalized in a development agreement for the project. A copy of the development agreement, once executed, will be sent to the city's standing joint review board pursuant to section 66.1105 (2) (f) 2. d., Wisconsin Statutes.

b. The number and location of the proposed public works and improvements are shown on Map No. 2, titled "Location of Proposed Improvements", and are listed below:

1. Demolition of the former Homeward Bound emergency shelter and preparation of the site for future development.
2. Installation of public utilities to serve 12 new single-family residences.

2. "Detailed List of Estimated Project Costs"

Table 1 below provides a detailed list of the estimated project costs.

Table 1
List of Estimated Project Costs¹

a.	Site Clearance and Preparation	\$110,000
b.	Utility Installation	56,700
c.	Other: administrative, professional, organizational and legal.	25,000
	TOTAL.	\$191,700

3. "Description of Timing and Methods of Financing"

a. Estimated Timing of Project and Financing Costs

¹ The City of Racine reserves the right to make only those improvements and to undertake only those activities that are deemed economically feasible and appropriate during the course of project implementation and which are commensurate with positive growth in the tax increment.

The Summary of Project Costs (Schedule "A" below) identifies the year in which actual expenditures described in this plan are expected to be incurred. The estimates presented are subject to change as actual circumstances during the project execution period may require.

Schedule A
Estimated Timing of Project Costs

Year	Estimated Project Cost	Cumulative Total
2006	\$110,000	\$110,000
2007	\$81,700	\$191,700

b. Estimated Method of Financing Project Costs

Table 2 below displays the funding sources for each of the proposed project costs listed in Table 1. It distinguishes between project costs that will be recovered through tax increment financing and "non-project" costs that are covered through other sources of funds such as the developer's resources, or state or federal grants, or project income.

Table 2
Project and Non-Project Costs

		Project Costs	Non-Project Costs	Total
a.	Private Development	NA	\$2,956,000	\$2,956,000
b.	Site Clearance and Preparation.	\$110,000	NA	\$110,000
c.	Utility Installation	\$56,700	NA	\$56,700
d.	Other: administrative, professional, organizational and legal	\$25,000	NA	\$25,000
	TOTAL	\$191,700	\$2,956,000	\$3,147,700

4. "Economic Feasibility Study"

Project costs will be funded through a loan obtained by either M & I Community Development Corporation or Neighborhood Housing Services, based on the pledge of tax incremental revenues provided in the development agreement and a Municipal Revenue Obligation (MRO) issued by the city to the developer.

It is projected that three housing units will be completed and added to the district's tax base each year from 2007 through 2010, when the project would be complete. Exhibit 1 shows the tax increment generated by such a development schedule from 2007 through 2034, the district's maximum allowable lifespan under the TID Law. Exhibit 1 forecasts that the TID would recover its costs by year 2020, and can be closed out at that time.

5. "Map Showing Existing Uses and Conditions"

Please refer to Map No. 3, "Existing Land Use," and Map No. 4, "Existing Conditions".

6. "Map Showing Proposed Improvements"

Please refer to Map No. 5, "Proposed Land Use".

7. "Proposed Change of Zoning Ordinances, Master Plan, Building Codes and City Ordinances"

The property is currently zoned O/I "Office/Institutional", a classification designed to accommodate office buildings, civic and governmental structures, and educational and institutional buildings. (Section 114-426, *et seq.*, Racine Code of Ordinances.) In order to develop the site as proposed, the zoning must be amended to R2, "Single-Family Residence", which permits single-family residences at a maximum density of 7.26 units per acre. Construction of the homes will be in accord with applicable City of Racine building codes.

The redevelopment is fully consistent with the recommendations of the updated Downtown Plan, which includes 1014 Dr. King Drive within its planning boundaries.

8. "Proposed Method for Relocation"

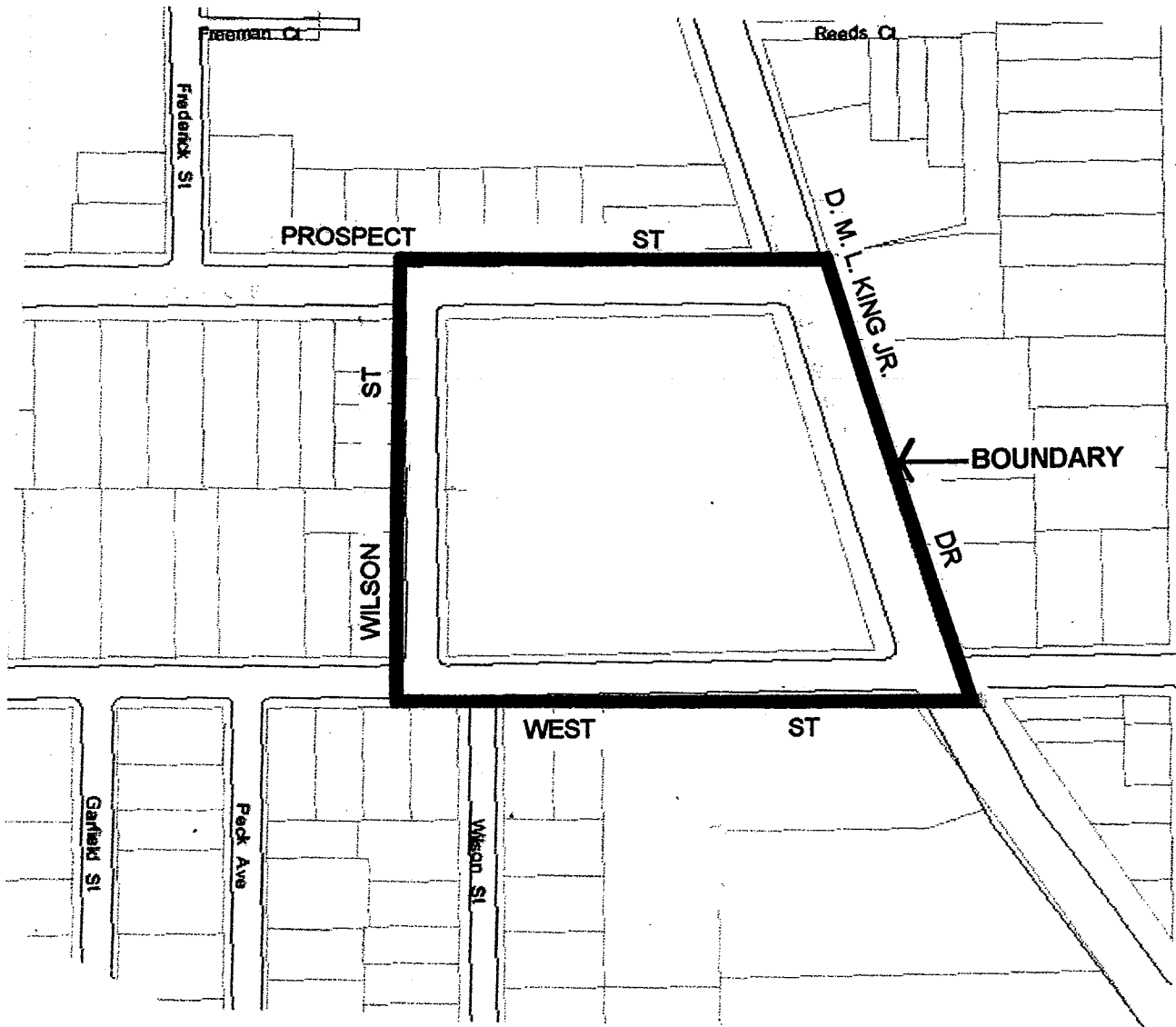
None of the property to be affected by this Plan is currently occupied. Therefore, no relocation is anticipated and no provision for relocation activities or expenditures for relocation payments is included. Should the acquisition of occupied property requiring relocation be necessary, the cost and method of relocation will be included in a Relocation Plan prepared pursuant to Ch. 32, Wis. Stats. The costs of such activities will be eligible for reimbursement through tax increment revenues should such revenues be generated during the statutory life of the District.

9. "Statement Indicating How District Creation Promotes Orderly City Development"

Creation of the district will promote redevelopment of the site and reinforce similar efforts in the neighborhood, including City Homes and Jamestowne Square.

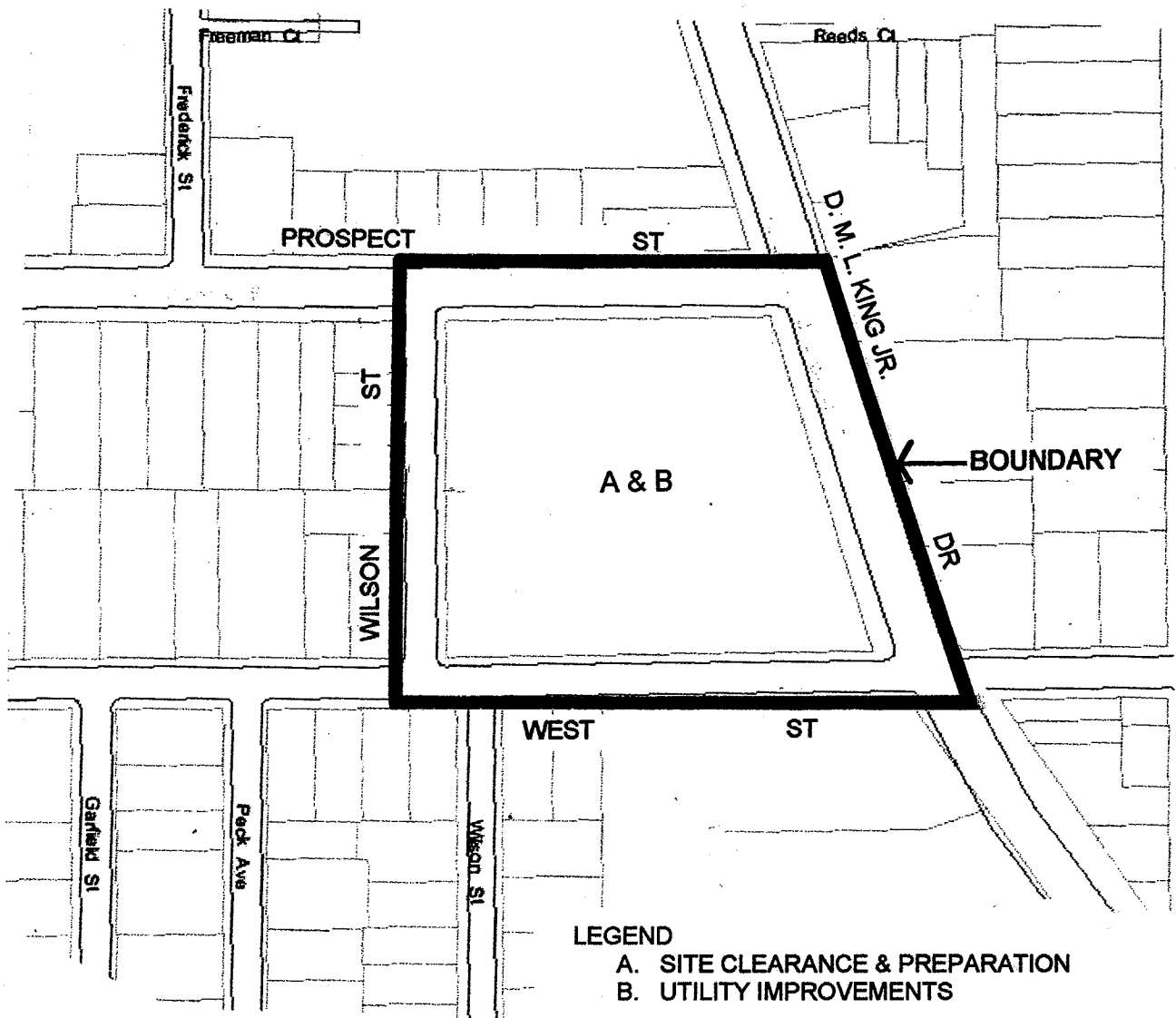
10. "Opinion of the City Attorney"

In accord with state law, this plan has been referred to the City Attorney for his review and his opinion.

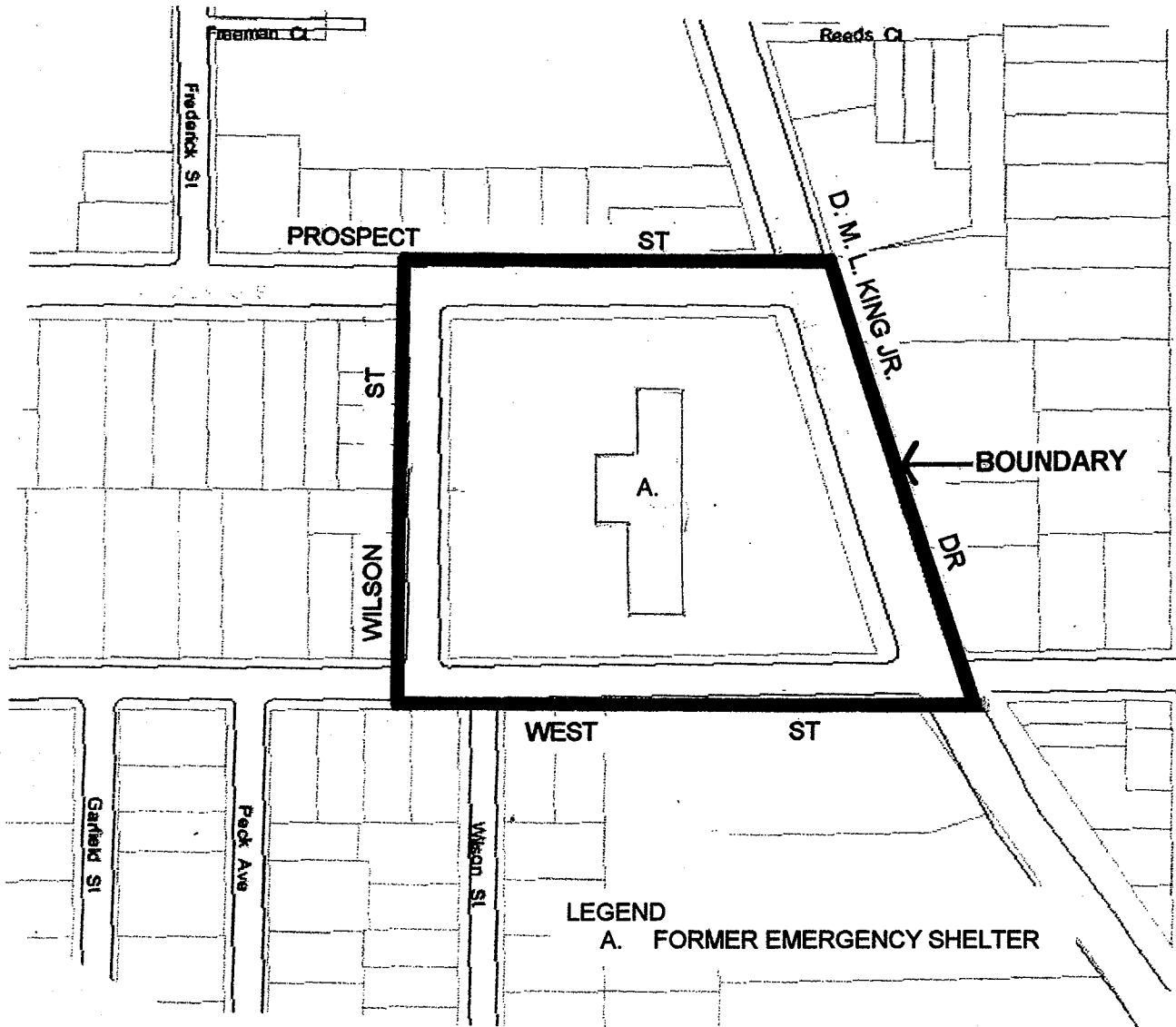


NORTH DCD 7/10/06 jtl

MAP 1. BOUNDARY MAP



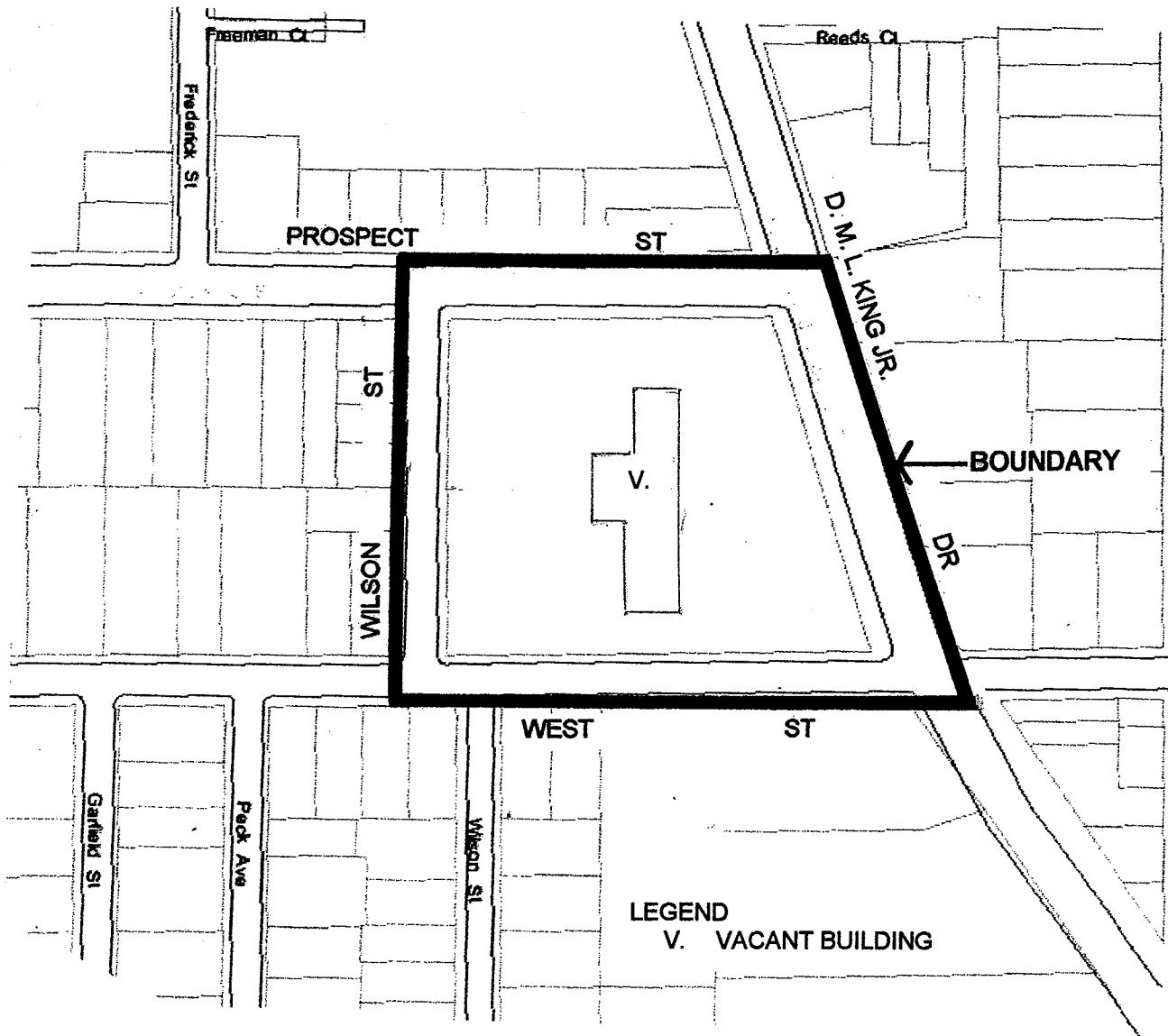
MAP 2. LOCATION OF PROPOSED IMPROVEMENTS



LEGEND
A. FORMER EMERGENCY SHELTER

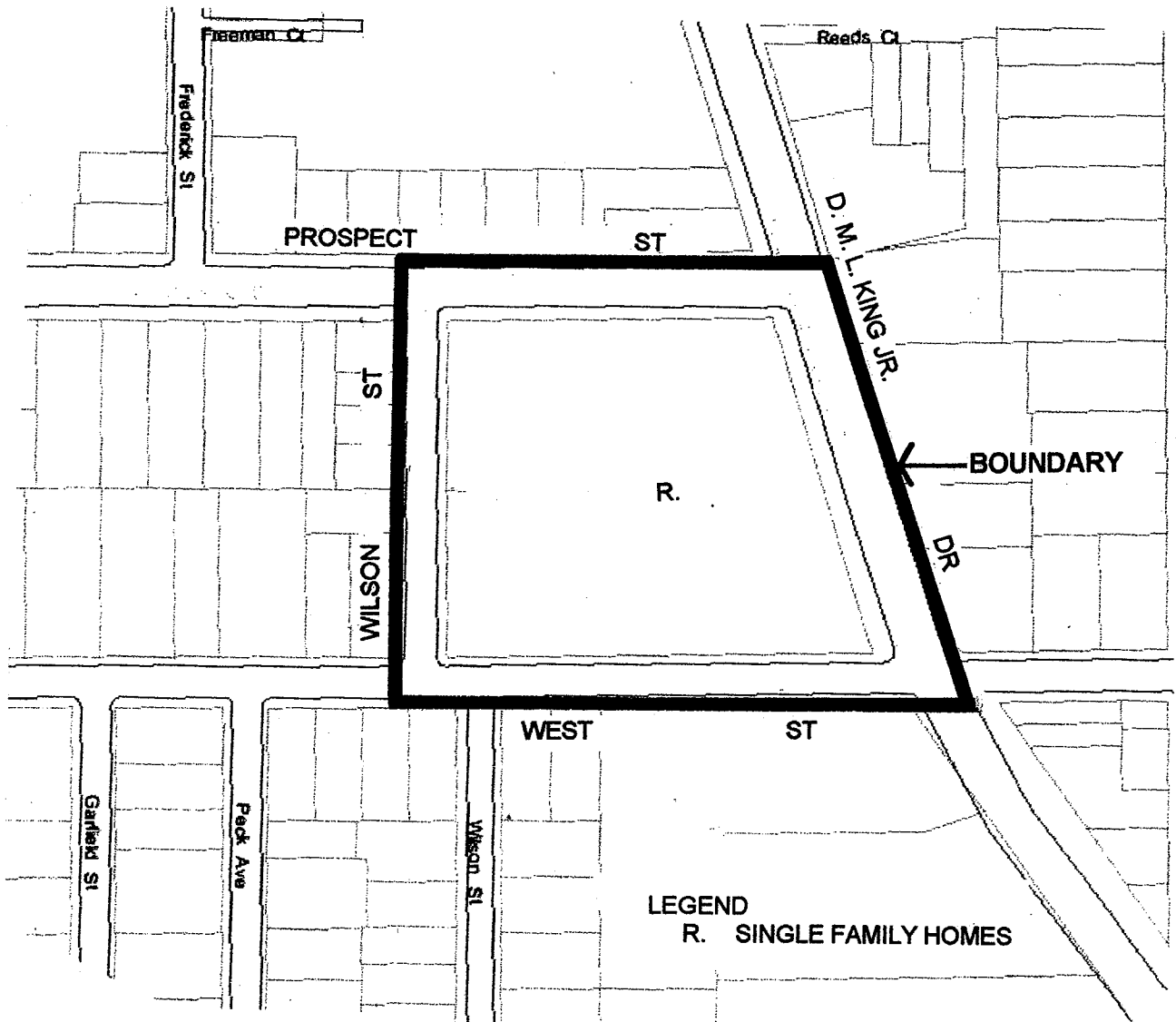
NORTH DCD 7/10/06 jtl

MAP 3. EXISTING LAND USE



NORTH DCD 7/10/06 jtl

MAP 4. EXISTING CONDITIONS



NORTH DCD 7/10/06 jtl

MAP 5. PROPOSED LAND USE

EXHIBITS

<u>Exhibit</u>	<u>Title</u>
Exhibit 1	Economic Feasibility/Tax Increment Calculation
Exhibit 2	Property Characteristics
Attachment 1	City Assessor's Letter
Attachment 2	City Attorney's Letter

From: Kienbaum, Thomas
Sent: Tuesday, July 11, 2006 11:10 AM
To: Heck, Joe
Subject: RE: Estimate of Assessed Value

I estimate homes would have a value of \$115,000 to \$125,000 each and for the total project estimate \$1,400,000 to \$1,500,000 when completed. For the annual increase in value using a 5% estimate would be reasonable based on our prior residential history.

Thomas J. Kienbaum
Assessor, City Of Racine
730 Washington Avenue
Racine, WI 53403
262-636-9119

From: Heck, Joe
Sent: Monday, July 10, 2006 6:57 PM
To: Kienbaum, Thomas
Subject: Estimate of Assessed Value

Tom:
We are working on a Tax Incremental District plan for the former Homeward Bound site (1014 Martin Luther King Drive). The developers are proposing to demolish the existing building, grade the site, and build 12 new single-family residences. The residences would be one- and two-story, three-bedroom, bath and a half structures containing approximately 1,400 square feet. The lots will have 50 feet of frontage, and 7,000 square feet of area.

In order to show the financial feasibility of the District, we need an estimate of the assessed of the proposed homes. Can you help? If you have questions, or need additional information, please let me know. Thanks for your help.—Joe Heck

Exhibit 2: Property Characteristics

Address	Street	Parcel #	Area acres	Area Blighted	Area Vacant	Value Land	Value Improvements	Owner
1014	Dr. M. L. King, Jr. Drive	3109000	2.31	2.31	0.00	\$ -	\$ -	Homeward Bound Agency
Totals			2.31	2.31	0.00			
				100%	0%			

Note: Area is net area without rights-of-way.
 The current owner is a 501.c.3 organization. The property is tax-exempt.
 The proposed district is currently a single parcel.



City of Racine, Wisconsin

OFFICE OF CITY ASSESSOR
730 Washington Avenue
Racine, Wisconsin 53403
262-636-9119

Thomas J. Kienbaum
City Assessor

July 27, 2006

MEMO TO: Brian F. O'Connell
Director of City Development

FROM: Thomas J. Kienbaum *TJK*
City Assessor

SUBJECT: Proposed Tax Incremental District No. 14 & 15

I have reviewed the Wisconsin Department of Revenue TIF Limitation Report for 2005. The 2005 TIF increment is \$166,262,050 with a total current value of \$205,258,200. With the additional property from the proposed TIF 14 & 15 our City will meet the 12% test. See attached Department of Revenue TIF 12% value calculation.

I have also attached a list of the real estate parcels and personal property accounts in proposed TIF 14. Proposed TIF 15 has one parcel that is classified exempt.

Enter Resolution Date below:

Creation or Amendment Resolution date

Enter County Number below:

51

Enter Municipal Number below:

276

County Name

Racine

Municipal Name

City of Racine

Check to see that this is your municipality

Current Municipal Full Value : \$3,572,586,100

TID Equalized Value 1/1/2004 \$205,258,200

Current Total Value of All Municipal TID's:

Total Increment of All Municipality TID's: \$166,262,050

3,572,586,100

428,710,332

(166,262,050)

262,448,282

X 12%

Less current TID's

Available Value for TID development

Office of the City Attorney

Robert K. Weber
City Attorney



Scott R. Letteney
Deputy City Attorney

Scott Lewis
Assistant City Attorney

Stacey Salvo
Paralegal

August 30, 2006

LEGAL OPINION

BRIAN O'CONNELL
DIRECTOR OF CITY DEVELOPMENT
730 WASHINGTON AVENUE
RACINE WI 53403

**SUBJECT: Project Plan for Tax Incremental District Number 15, City of Racine
Homeward Bound Site**

Dear Mr. O'Connell:

I have reviewed the project plan for Tax Incremental District No. 15 in the City of Racine. It is my opinion that the plan is complete and complies with all of the statutory requirements set out in Section 66.1105 (4) (f), Wis. Stats.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert K. Weber", is written over a horizontal line.

Robert K. Weber
City Attorney

RKW/ld
Attachment
/rkw/taxdistrict 15/

City Hall
730 Washington Avenue, Room 201
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262-636-9115
262-636-9570 FAX