



# TAX INCREMENTAL FINANCING APPLICATION

CITY OF RACINE



DEPARTMENT OF CITY DEVELOPMENT



Please complete and submit the following information to the City of Racine for a more detailed review of the feasibility of your request for Tax Increment Financing (TIF) assistance. Where there is not enough space for your response or additional information is requested, please use an attachment. Use attachments only when necessary and to provide clarifying or additional information. Using the application form helps us to compare projects to other projects, so we ask that applicants try to stay to our format as much as possible.

For further information please refer to the City of Racine Tax Incremental Financing Policy” document.

## Application Filing Checklist

- Meeting with City Staff** Please make sure to have a meeting with City staff prior to submitting an application. Staff will review the TIF Assistance policies and discuss the timeline for reviewing the request.
- Application** Please fill out the full application and provide the all the required project pro forma (financial) information.
- Site Plan** Please provide a site plan of the site in size 11x17 showing existing site and improvements proposed. If the project requires planning or zoning approvals, you may make these applications concurrent with this request. Provide renderings, if available, in 11x17 color size.
- Fee** An application fee of 1% x TIF Assistance Request is required to cover City costs associated with evaluating the TIF application and the use of outside consultants. Make your check payable to the City of Racine.
- Summary Letter** Please provide a project summary in the form of a letter addressed to the Redevelopment Authority and Common Council. The letter should not exceed two pages in length and should include the following essential information:
  - Description of the proposed project
  - Description of public benefits, including job creation
  - Overview of private-sector financing
  - Amount of TIF assistance requested
  - Summary of increment projections
  - Total development costs
  - Statement regarding why TIF Assistance is essential and why the “but for” provision will be met. Please explain why the project will not/cannot proceed without TIF support.
- Market Study/Assessment** Check with staff to determine if required.



## Applicant Information

Developer Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Primary Contact Phone #: \_\_\_\_\_ Cell #: \_\_\_\_\_

Email Address: \_\_\_\_\_

Attorney: \_\_\_\_\_

Legal Entity Name: \_\_\_\_\_

Type of Entity: Individual \_\_\_\_ Partnership \_\_\_\_ Corporation \_\_\_\_ LLC \_\_\_\_ Other \_\_\_\_

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

Will a new entity be created for ownership?: Yes \_\_\_\_ No \_\_\_\_

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

Name	Address	Title	Interest (%)



## Applicant Information

Is the 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 City of Racine?

Yes \_\_\_\_\_ *If Yes, give the name and relationship of the employee:* \_\_\_\_\_

No \_\_\_\_\_

Have any of the applicants (including the principals of the corporation/partnership/LLC) ever been charged or convicted of a misdemeanor or felony?

Yes \_\_\_\_\_ *(if yes, please furnish details in an addendum)*

No \_\_\_\_\_

Does the developer or any member of the corporation/partnership/LLC have a past or current tax assessment appeal or tax assessment court case with the City of Racine?

Yes \_\_\_\_\_ *(if yes, please furnish details in an addendum)*

No \_\_\_\_\_



## Project Information

### Property Summary:

Parcel/Land Area:	
Building Area:	
# Dwelling units:	
# Stories:	

Overall Project Summary and Objectives:

Current and Proposed Uses of the Property:

Description of End Users

Describe Any Zoning Changes or Site Plan Improvements:

Identify Any Other Incentives, Approvals, Permits or Licenses (i.e., white box grants, façade grants, liquor license, health department, building permits, etc.)

Describe briefly how the project will improve the property and the neighborhood:



## Project Information

### **Project Timetable**

Development Milestone	Date
Final Plan/Specification Preparation:	_____
Bidding and Contracting:	_____
Firm Financing Approval:	_____
Construction/Rehabilitation:	_____
Landscaping/Site Work:	_____
Occupancy:	_____
Lease Up:	_____

### **Development Team**

- Developer: \_\_\_\_\_
- Architect: \_\_\_\_\_
- Civil Engineer: \_\_\_\_\_
- Contractor: \_\_\_\_\_
- Bank/Financial Institution \_\_\_\_\_
- Other Members: \_\_\_\_\_

Describe Team expertise and experience in developing similar projects:

Describe the financial ability of the applicant to complete the project:

Describe the number of full and part time jobs created by the project, including estimated salary:



## Financial Information

Applicants must submit budget and financial information that allows the City to provide a review of the project. Pay-as-you-go projects that request \$1M in tax assistance and above or projects that require bonds will provide additional pro forma and financial information to the City's financial advisor for review.

<b>PAY AS YOU GO</b>	
<b>TIF Request</b>	<b>Reviews</b>
\$0-\$50,000	Administrative review --Project proforma --Analysis of financial need
\$50,000-\$100,000	Administrative review --Project proforma --Analysis of financial need Open files/docket review
\$100,000-\$1M	Administrative review --Project proforma --Analysis of financial need Open files/docket review Judgement and lien search
\$1M and above	Administrative review --Project proforma (also a professional review) --Analysis of financial need Open files/docket review Judgement and lien search Detailed internet search
<b>BONDING</b>	
<b>TIF Request</b>	<b>Reviews</b>
Any Amount	Administrative Review --Project proforma (also a professional review) --Analysis of financial need Open files/docket review Judgement and lien search Detailed internet search Certified financial document review Bond counsel review

A description of the reviews required are on the next page.





## Financial Information

### Administrative Review

#### **--Project pro forma review**

Project proformas submitted for administrative review must identify income and expense projections on an annual basis for a minimum five-year to a maximum eleven-year period. If you expect a reversion of the asset after a holding period please include that information in your pro forma, as well. Check with City staff to determine the time period needed for the proforma. Identify all assumptions (such as absorption, vacancies, debt service, operational costs, etc.) that serve as the basis for the pro formas. **Two sets of proformas are to be submitted; the first set should show the project without TIF Assistance and the second set with TIF assistance.**

#### **--Analysis of financial need**

Each applicant must include financial analyses that demonstrate the need for the TIF assistance. Two analyses must be submitted: one WITHOUT TIF assistance and one WITH TIF assistance. The applicant must indicate the minimum return or profit the applicant needs to proceed with the project and the rationale for this minimum return or profit. The analyses will necessarily differ according to the type of project that is being developed. Per City TIF policy, internal rate of return will be analyzed to ensure that the City is making a “but for” investment in the project.

#### **Open files/docket review**

The City will hire a consulting law firm to do a search of state and national legal databases to determine if there are any open court cases of lawsuits against the developer and the development entity.

#### **Judgement and lien search**

The City will hire a local title company to conduct a judgement and lien search to see if there are open judgements or liens against the developer and the development entity.

#### **Detailed internet search**

The City will hire a consulting law firm to do a thorough and specialized search of media articles and information related to the developer and the development entity and report the findings to the City.

#### **Certified financial document review**

For projects that require bonding or rely on the financial strength of the developer, the City will hire a consulting financial consultant to review the certified financial statements of the developer and the development entity. A report will be issued to the City on the financial capacity of the organization to finance the proposed development.

#### **Bond counsel review**

For projects that cause the City to bond for infrastructure or project expenses, the City will hire bond counsel to review the project and verify that the developer’s financial capacity is such that the City can reliably bond for the requested improvements and be assured that the bonds will be repaid as a result of the investments made by the developer. A report will be issued to the City on the worthiness of the bonds to be financed by the City.





## Financial Information

Applicants should submit a general proforma analysis with the following items listed:

### Sources and Uses of Funds

Use of Funds	Amount (\$)	\$ per SF of building area
Land acquisition	\$	\$
Demolition	\$	\$
Environmental remediation	\$	\$
Site clearance and preparation	\$	\$
Soft costs/fees	\$	\$
Soft cost contingency	\$	\$
Hard construction costs	\$	\$
Hard cost contingency	\$	\$
<b>Total project costs</b>	<b>\$</b>	<b>\$</b>

Sources of Funds	Amount (\$)	% of Total Project Costs
<b>Equity</b>		
Developer Equity	\$	%
Other Equity _____	\$	%
Total Equity:	\$	%
<b>Loans</b>		
Construction Financing	\$	%
Permanent Financing	\$	%
<b>TIF Assistance</b>		
Grants	\$	%
Other sources: _____	\$	%
<b>Total Sources of Funds</b>	<b>\$</b>	<b>100%</b>

### Financing

Source	Terms: Years/Interest	Contact Information
Equity	_____	_____
Equity	_____	_____
Loan 1 Construction	_____	_____
Loan 2 Permanent	_____	_____
Loan 3	_____	_____



# Financial Information

## Detailed Project Pro Forma

Item	Amount (\$)	Percentage (%)
<b>Land acquisition</b>	\$	%
<b>Demolition</b>	\$	%
<b>Site clearance and preparation</b>	\$	%
Infrastructure	\$	%
Utilities/removal	\$	%
Utilities/relocation	\$	%
Hazardous materials removal	\$	%
Other	\$	%
<b>Soft Costs/Fees</b>	\$	%
Project Management	\$	%
General Contractor	\$	%
Architect/engineer	\$	%
Developer Fee	\$	%
Appraisal	\$	%
Soil Testing	\$	%
Market Study	\$	%
Legal/Accounting	\$	%
Insurance	\$	%
Title/Recording/Transfer	\$	%
Building Permits	\$	%
Mortgage Fees	\$	%
Construction Interest	\$	%
Commissions	\$	%
Marketing	\$	%
Real Estate Taxes	\$	%
Other taxes	\$	%
Other:	\$	%
Other:	\$	%
Soft Cost Contingency	\$	%



# Financial Information

## Rental Project Pro Forma Details

	Year 1	Year 2	>> Year 11
Income _____ rent per s.f.	\$ _____	\$ _____	\$ _____
Commercial Rent	\$ _____	\$ _____	\$ _____
Commercial Expense Recoveries	\$ _____	\$ _____	\$ _____
Residential Rent	\$ _____	\$ _____	\$ _____
Other Revenue	\$ _____	\$ _____	\$ _____
<b>Gross Potential Income</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
Commercial Vacancy _____ %	\$ _____	\$ _____	\$ _____
Residential Vacancy _____ %	\$ _____	\$ _____	\$ _____
<b>Effective Gross Income (EGI)</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Expenses</b>			
Maintenance and Repairs	\$ _____	\$ _____	\$ _____
Real Estate Taxes	\$ _____	\$ _____	\$ _____
Insurance	\$ _____	\$ _____	\$ _____
Management Fee	\$ _____	\$ _____	\$ _____
Professional Fees	\$ _____	\$ _____	\$ _____
Other Expense _____	\$ _____	\$ _____	\$ _____
Other Expense _____	\$ _____	\$ _____	\$ _____
<b>Total Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Net Operating Income (NOI)</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
Capital Expenses	\$ _____	\$ _____	\$ _____
Debt Service	\$ _____	\$ _____	\$ _____
<b>Net Cash Flow (before Depreciation )</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>



# Financial Information

## For Sale Project Pro Forma Details

### HOUSING UNITS

Unit Type	Number	Price/Unit	Total Sales
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____

Total Housing Sales: \$ \_\_\_\_\_

Housing Unit Upgrades \$ \_\_\_\_\_

### COMMERCIAL UNITS

Unit Type	Unit Size (sf)	Price/sf	Total Sales
_____	_____	_____	_____
_____	_____	_____	_____

Total Commercial Sales \$ \_\_\_\_\_

**Total Gross Sales Revenue** \$ \_\_\_\_\_

### COST OF SALES

	Percentage	Cost
Commissions	_____	\$ _____
Marketing	_____	\$ _____
Closings	_____	\$ _____
Other Costs	_____	\$ _____

Total Cost of Sales \$ \_\_\_\_\_

**Net Sales Revenue** \$ \_\_\_\_\_