

08-2019

draft
AMENDMENT
to the
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

APPROVALS:

City Plan Commission:

Common Council, City of Racine:

Standing Joint Review Board:

INTRODUCTION

Wisconsin's Tax Increment Law allows cities and villages to amend a tax incremental district's project plan for several reasons. One reason is to modify the projects listed in the plan and their estimated costs, and to add new projects to the plan.

The City of Racine created Tax Incremental District Number 15 (TID #15) and approved the project plan for the district on August 15, 2006. The City created TID.#15 to provide financing for activities related to the redevelopment of 1014 Dr. Martin Luther King, Jr. Drive, the site of the former Homeward Bound homeless shelter and administrative office. The redevelopment project proposed the construction of twelve market-rate, single-family homes and a small open-space buffer along King Drive. The proposed redevelopment is unchanged. However, as the project has evolved, the means of accomplishing the redevelopment and the participants in the redevelopment have changed. This amendment is proposed to reflect those changes.

This amendment does not change the boundaries of the district or the duration of the district.

AMENDED SECTIONS OF THE PROJECT PLAN

Section II. B. 1. of the plan is the "Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements." The following paragraphs are added to subsection a.

In late 2006, after creation of TID #15, it was discovered that the debts of the Homeward Bound Agency were larger than initially believed and that some of its creditors had placed liens on the property. The City, M & I Community Development Corporation, and NHS determined that the cost to acquire the property and pay all creditors exceeded the value of the property and that the redevelopment in these circumstances would require more subsidy than the TID could provide. As a result, M & I Community Development Corporation allowed its option on the property to expire and M & I Community Development Corporation and NHS withdrew as partners in the redevelopment project.

In April 2007, the holder of the mortgage on the property initiated foreclosure. The City determined that at a price of \$190,000.00 for the property, the redevelopment would again be feasible. On August 21, 2007, by Resolution 07-0385, the Common Council authorized and directed the Redevelopment Authority of the City of Racine to acquire the property and advanced to the Authority \$300,000 for the acquisition of the property and the demolition of the deteriorated building and related expenses. The resolution further provides that the funds advanced be reimbursed over time by TID #15. On October 30, 2007, the Redevelopment Authority obtained the property at sheriff's sale for \$190,000.

The Authority is currently proceeding with the redevelopment of the property consistent with the original redevelopment concept.

Subsection b. is amended by the addition of the words "Acquisition and" as follows:

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. Acquisition and demolition of the former Homeward Bound emergency shelter and preparation of the site for future development.

In section II. B. 2. "Detailed List of Estimated Project Costs", Table 1 is deleted and replaced with the following:

Table 1
List of Estimated Project Costs¹

a.	Property Acquisition	\$190,000
b.	Site Clearance and Preparation	67,000
c.	Site Planning, Engineering, and Surveying	60,000
d.	Utility Installation	56,700
e.	Other: administrative, professional, organizational and legal.	25,000
	TOTAL.	\$398,700

In subsection II. B. 3. a. "Estimated Timing of Project and Financing Costs", Schedule A is deleted and replaced with the following:

Schedule A
Estimated Timing of Project Costs

Year	Estimated Project Cost	Cumulative Total
2007	\$190,000	\$190,000
2008	\$208,700	\$398,700

In subsection II. B. 3. b. "Estimated Method of Financing Project Costs", Table 2 is deleted and replaced with the following:

¹ The City of Racine and the Redevelopment Authority reserve 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.

Table 2
Project and Non-Project Costs

		Project Costs	Non-Project Costs	Total
a.	Private Development	NA	\$2,956,000	\$2,956,000
b.	Property Acquisition	\$190,000	NA	\$190,000
c..	Site Clearance and Preparation.	\$67,000	NA	\$67,000
d.	Site Planning, Engineering, and Surveying	\$60,000	NA	\$60,000
e.	Utility Installation	\$56,700	NA	\$56,700
f.	Other: administrative, professional, organizational and legal	\$25,000	NA	\$25,000
	TOTAL	\$398,700	\$2,956,000	\$3,354,700

Section II. B. 4. "Economic Feasibility Study", is deleted and replaced with the following:

Project costs will be funded through a loan from the City of Racine to the Redevelopment Authority. The tax increment generated by the district will pay off the loan.

It is projected that three housing units will be completed and added to the district's tax base each year from 2008 through 2011, when the project would be complete. Exhibit 1 shows the tax increment generated by such a development schedule from 2008 through 2034, the district's maximum allowable lifespan under the TID Law. Exhibit 1 forecasts that the TID would recover its project costs, with interest on the advance from the City, by year 2026 and can be closed out at that time.

Section II. B. 10. "Opinion of the City Attorney"

This plan amendment has been referred to the City Attorney for his review and his opinion.

All other parts of the Project Plan for Tax Incremental District Number 15 remain unchanged.

Exhibit

Title

Exhibit 1

Tax Increment Calculation

Attachment 1

City Attorney's Letter [*in preparation*]

Exhibit 1 - Tax Increment Calculation
 Updated and Continued

Assessment Year	Collection Year	Increment	Cumulative Increment	Annual P&I	Shortfall/ Surplus	Cumulative Shortfall/ Surplus
2004	2005					
2005	2006					
2006	2007					
2007	2008					
2008	2009	\$7,910	\$7,910	\$38,412	-\$30,502	-\$30,502
2009	2010	\$16,046	\$23,956	\$38,412	-\$22,366	-\$52,867
2010	2011	\$24,415	\$48,371	\$38,412	-\$13,997	-\$66,864
2011	2012	\$33,023	\$81,394	\$38,412	-\$5,389	-\$72,253
2012	2013	\$33,503	\$114,897	\$38,412	-\$4,909	-\$77,161
2013	2014	\$33,991	\$148,888	\$38,412	-\$4,421	-\$81,582
2014	2015	\$34,490	\$183,378	\$38,412	-\$3,922	-\$85,504
2015	2016	\$34,999	\$218,377	\$38,412	-\$3,413	-\$88,916
2016	2017	\$35,518	\$253,895	\$38,412	-\$2,894	-\$91,810
2017	2018	\$36,047	\$289,942	\$38,412	-\$2,365	-\$94,175
2018	2019	\$36,587	\$326,529	\$38,412	-\$1,825	-\$95,999
2019	2020	\$37,137	\$363,666	\$38,412	-\$1,275	-\$97,274
2020	2021	\$37,699	\$401,365	\$38,412	-\$713	-\$97,987
2021	2022	\$38,272	\$439,637	\$38,412	-\$140	-\$98,126
2022	2023	\$38,856	\$478,493	\$38,412	\$444	-\$97,682
2023	2024	\$39,452	\$517,945	\$0	\$39,452	-\$58,230
2024	2025	\$40,060	\$558,005	\$0	\$40,060	-\$18,170
2025	2026	\$40,680	\$598,685	\$0	\$40,680	\$22,510
2026	2027	\$41,313	\$639,998	\$0	\$41,313	\$63,823
2027	2028	\$41,958	\$681,956	\$0	\$41,958	\$105,781
2028	2029	\$42,616	\$724,572	\$0	\$42,616	\$148,397
2029	2030	\$43,287	\$767,859	\$0	\$43,287	\$191,684
2030	2031	\$43,972	\$811,831	\$0	\$43,972	\$235,656
2031	2032	\$44,670	\$856,501	\$0	\$44,670	\$280,326
		\$856,501				

Notes: Assumes City loans funds at 5% interest, 15 year term