

**CITY OF RACINE, WISCONSIN**

**REDEVELOPMENT AUTHORITY RESOLUTION 17-24**

WHEREAS, Racine Mall, LLC (Hull Property Group) requests Tax Incremental Financing Assistance to support the rehabilitation of the property at 5502 Durand Avenue (Regency Mall) within Tax Increment District (TID) #20 (Regency Mall).

WHEREAS, Racine Mall, LLC proposes to immediately invest approximately \$3,955,000 in the Regency Mall property, followed by approximately \$3,500,000 in tenant incentives;

WHEREAS, the City of Racine and its financial consultant have reviewed the incentive request and have recommended approval a maximum tax incremental financing assistance incentive of \$3,500,000 in the form of a cash funded “pay-as-you-go” annual payment for a maximum of 13 years equal to a maximum of 90% of tax increment generated on properties currently owned by Racine Mall, LLC and its successors;

WHEREAS, the incentive request is deemed to be consistent with the Tax Incremental District #20 (Regency Mall) Plan adopted in May, 2017 by the City of Racine;

WHEREAS, in the proposed agreement the City agrees to manage and operate TID 20 (Regency Mall) for the full 13 years term of the development incentive project or until the maximum incentive amount has been fulfilled per the agreement. The TID will begin on January 1, 2018.

WHEREAS, the City will provide a “pay-as-you-go” annual tax increment incentive for thirteen (13) years in an amount, calculated as of September 30 of each calendar year, equal to 90% of the gross annual tax increment collected in such calendar year attributable to the gross annual tax increment produced by the project (on property five properties within TID 20 currently owned by Racine Mall, LLC or its successors) the immediately preceding calendar year. The term of 13 years was arrived at as a ten-year incentive period with a three-year “ramp up” period to allow property to redevelop.

WHEREAS, If the maximum incentive request of \$3,500,000 is provided to the developer before the maximum 13-year term of the agreement, the City is not obligated to share any additional TID revenues. If the maximum incentive request is not provided to the developer before the expiration of the development agreement, the City is not obligated to provide any additional or remaining incentive cash payments to the developer.

WHEREAS, If, at any time during the agreement, TID 20 does not generate positive increment or if there is not enough annual increment generated from all the properties within TID 20 to fund the sharing of an annual cash incentive within a given year, the City will not be obligated to share any tax increment with the developer.

WHEREAS, the developer will agree not to challenge or protest the assessor’s determination of property values to the Board of Review of Circuit Court;

WHEREAS, the developer agrees to a minimum assessed value during the life of the agreement of at least \$8,954,000 for the property addressed 5520 Durand Avenue;

WHEREAS, the developer will agree to pay all outstanding tax bills and will retain ownership of the project long enough to complete the “Phase I” work, stabilize occupancy, establish proper management, and initiate payment of taxes based on increased property value;

WHEREAS, the developer agrees that project expenses will be equal to amount of the City Building permits issued for the project.

WHEREAS, the developer agrees to an upfront fee of \$10,000 to be held in escrow to offset the costs of project review and due diligence;

RESOLVED, that the Redevelopment Authority supports the use of tax incremental finance assistance in the form of a “pay as you go” incentive (maximum \$3,500,000) from TID #20 for improvements to Regency Mall with contingencies, as listed above;

FURTHER RESOLVED, the Authority recommends City staff be directed to create a development agreement and recommend that Common Council approve said development agreement in substantially the same form as outlined in the attached staff review of TIF Assistance for Racine Mall, LLC attached to this resolution as Exhibit A.

Fiscal Note: The developer is required to pay a fee of \$10,000 to the City to cover expenses related to the review of the application and creation of a development agreement. Because the incentive is a “pay-as-you-go” incentive, the private taxable investment will be made before the incentive will be provided. Therefore, funds are projected to be available within TID #20 and are projected to continue to be available for the 13-year period of the agreement.

*Adopted on:* September 7, 2017

*Seal*

*By a Vote of*

For:

Against:

Abstain:

*Attest:*

Amy Connolly, AICP  
Executive Director