



**Community Development Authority  
Meeting Agenda  
Friday, November 6, 2020 at 9:00 a.m.  
via teleconference**

Join Zoom Meeting  
<https://zoom.us/j/97730427253>

You may also join the meeting via toll free phone number: 1-646-558-8656  
Meeting ID: 977 3042 7253

1. Call to order.
2. Consider October 23, 2020 Special Meeting Minutes.
3. Consider Policy 40 – Tax Increment District (TID) creation and Tax Increment Financing (TIF) assistance.
4. Adjournment.

**DATED** at Shorewood, Wisconsin, this 30<sup>th</sup> of October, 2020 at 4:30 p.m.

**VILLAGE OF SHOREWOOD**  
Sara Bruckman, CMC/WCMC, Village Clerk

Should you have any questions or comments regarding any items on this agenda, please contact the Village Manager's Office at 847-2700. It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information; no action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice. Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals



**Community Development Authority**  
**Special Meeting Minutes**  
**Friday, October 23, 2020 at 9:00 a.m.**  
via Tele/Video-Conference

**DRAFT**

Present: Chair Peter Hammond, Tr. Davida Amenta, Michal Dawson, Jon Krouse, Desty Lorino and Tr. Kathy Stokebrand

Also present: Village Manager, Rebecca Ewald; BID Director Steph Salvia; Planning and Development Director, Bart Griepentrog; Michaela Huot (Baker Tilly); and Senior Resource Center Coordinator, Elizabeth Price

Media: Tom Daykin, Milwaukee Journal Sentinel

**1. Call to order.**

The meeting was called to order at 9:01 am.

**2. Consider September 4, 2020 meeting minutes.**

Tr. Amenta motioned to approve the minutes as drafted; seconded by Ms. Dawson. Vote 6-0.

**3. Consider public assistance application and procedure. (0:30)**

Chair Hammond referenced the materials within the packet and requested that Village Manager Ewald present an overview and provide direction as to what the CDA was being asked to do. (It was noted that the Phase 1 application was missing from the original packet, but was sent out for review separately and will be updated within an amended packet to be posted online.)

Village Manager Ewald noted that staff, Chair Hammond and President Rozek had met with developers who were looking at two different sites within the Village for projects that may request public assistance. In order to prepare for those possible requests, staff drafted a phased public assistance application process. The CDA was being asked to provide a recommendation on the proposed process, so that it can be taken to the Village Board.

Village Manager Ewald stated that the process was broken down into three phases and that examples from several other communities were looked at for reference in drafting the proposal. She also noted that not all communities have a documented process. The process was also reviewed with the CDA's financial consultant, Baker Tilly. Village Manager noted that the process aimed to identify what information was needed at each phase, so that the application could be processed.

Chair Hammond noted that both of the proposed developers were made aware that the Village was looking to develop a more formal request process. He stated that he believed the process would help both the developer and Village. Village Manager noted that she was unable to find a documented process of what was utilized in the past and that this new process would provide transparency and be clearly transferable to new committee members and staff. Chair Hammond also mentioned that in the past the Village had assumed the review costs, but that this new process would involve fees to be paid up-front by the developer.

Village Manager Ewald noted that the same phases outlined within the public assistance process would be utilized for any possible funds associated with a TID extension for affordable housing. She noted that phase 1 was primarily conceptual and requires pre-meetings with staff prior to the submission of an application. Upon submission of an application, staff and the financial consultant would review and provide a report to the CDA. The CDA would be asked to provide a recommendation to the Village Board, who would provide direction on whether the project warranted further exploration. The developer would then engage in phase 2, which involves more details and would include a full financial analysis, underwriting and presentation of proposed financial assistance, developer review and term sheet. The CDA would once again provide a recommendation to the Village Board who would review the application and provide direction as to how to proceed with phase 3. Phase 3 could include direction to pursue TID creation or seek clarification on any zoning issues with the Plan Commission.

Tr., Amenta noted that she liked how the process was detailed in a systematic way of how the Village would evaluate requests. She did not that she thought phase 1 asked for a lot of detailed financial information that may not be needed. She summarized that to her phase 1 looked to confirm if the community was interested in the project and understanding the public benefit. Village Manager Ewald noted that staff had the same thoughts and conversation, and stated that anyone who was serious about pursuing assistance would have this type of information. She also noted it would help identify if the project actually needed public assistance or could it happen with just private equity. Tr, Amenta noted that sometimes the Village has jumped too early into the phase of how much money do they need before understanding how the project even fits in. Village Manger Ewald confirmed that phase 1 was designed to review the concept of the project's compatibility. Chair Hammond agreed that the priority in phase 1 should not be the financial analysis. Ms. Huot also agreed with Tr. Amenta's comments and noted that phase 1 is not about the level of assistance but is the project valid.

Tr. Stokebrand questioned if any of the phases should include deadlines. Village Manager Ewald noted that she would be happy to think about it, but her first thought is that it's the developer's decision if they wanted to move forward.

Tr. Amenta stated that she wanted to know more about the developer, including if they had done similar projects in other places as well as the comparables that they looked at to develop their proposal. Ms. Huot noted that they would look at their assumptions, including rent and operating expenses, and projected returns with market comparables within the financial review. Tr. Amenta noted it would be good for the community, CDA and Village Board to see those comparable projects within the conceptual review to understand if it would fit in. Village Manager Ewald noted that developers typically start out the conversation by referencing those examples.

Tr. Stokebrand questioned how the fee amounts were derived. Ms. Huot noted that those amounts related to their estimate of what it would cost to perform their financial reviews. Chair Hammond questioned if they were aligned with what other communities were charging. Ms. Huot noted that fees varied, but that this number was based on a realistic cost estimate. Chair Hammond confirmed that the fee in phase 2 was essentially refundable, if the project moved forward. Village Manager Ewald noted that would be at the discretion of the Village Board on a case-by-case basis.

Tr. Amenta suggested that it be made clear that additional financial information may be necessary, based on the project. Village Manager Ewald agreed and stated that we would make that clear. Tr. Amenta also questioned if this information would be public record. Village Manager Ewald noted that some information would be provided directly to the financial advisor so that the Village would not have that information. Chair Hammond confirmed that those aspects would then not be subject to public disclosure. However, Tr. Amenta noted that contractors doing work for the Village would be subject to open records and suggested that it needs to be thought about in relation to what developers are willing to provide. Village Manger Ewald stated that she would follow-up with Bruce Block on the topic. Ms.

Huot noted that typically the information provided during negotiation would not be disclosed, but once there is an agreement that changes. She also noted that they often sign non-disclosure agreements in order to analyze the financial components and provide the results without disclosing specific information. She believed most of the information asked for in the application was not super sensitive. Tr. Amenta suggested adding a statement making it clear on the application that this information may be subject to the Freedom of Information Act to warn them. Village Manager agreed that making expectations clear is important, because not everyone will be able to see everything.

Chair Hammond suggested it may be necessary to create a desktop procedures type of document to understand the internal procedures of when the CDA and public becomes involved. Tr. Amenta noted that a public disclosure process could be included within the expected TIF Policy, which was next up for discussion. Tr. Stokebrand agreed and noted that one of the reasons this is being done is to develop greater transparency and accountability. Chair Hammond noted a need to balance developer needs and the public's right to know and suggested that each case could be slightly different, but the goals would be the same. Village Manager Ewald noted that this was a benefit of breaking the process into phases, since all of the necessary meetings are open to the public.

Village Manager Ewald reminded the CDA that staff was looking for a motion to recommend the process to the Village Board for consideration.

Mr. Krouse noted that the information that was put together was very thorough and that people had been asking the same questions he had. He stated that he had some reservations on whether or not affordable housing can actually be achieved as the Village desires, but is not opposed to it, and believed it was necessary to get the process down on paper. He noted that there are tax revenue challenges and the discussion of whether to close TIDs or keep them open was a separate but related issue. Chair Hammond clarified that the proposed process goes beyond the possible TID extension for affordable housing and would relate to all requests for public assistance. Mr. Krouse agreed and stated that he was definitely in favor of creating this process.

Tr. Stokebrand questioned if there was a reason residential was not included in the land use options in phase 2 part 11. Village Manager Ewald noted that she would add it.

Village Manager Ewald noted that two levels of understanding were worth clarifying before consideration of any motions. The first being that the Village will ask the developer to provide examples of recent projects, and staff will evaluate what information would and would not be subject to disclosure and update that on the application accordingly. Chair Hammond also noted the desire to clarify that additional information may be requested.

Tr. Amenta motioned to recommend the public assistance application, process and associated fees, with Village Manager Ewald's clarified edits, to the Village Board for approval; seconded by Mr. Krouse. Vote 6-0.

#### **4. Update on housing program opportunities. (45:55)**

Chair Hammond noted that this was only intended to be an update to the CDA. Village Manager Ewald stated that this was still a work in process, but if the Village were to consider extending TID 1 for the purposes of affordable housing that the CDA had wanted programs for consideration. She noted that the Village does not have housing or TIF departments to run large programs. Recognizing those limitations, the goal would be to find third-party partners to structure financially feasible administration to deploy the programs.

This update was being provided to inform the CDA that staff is currently reviewing two possible housing programs. One program, suggested by the Elder Services Advisory Board (ESAB), would address

home modifications for seniors. A second program, suggested by the Village's Conservation Committee, relating to energy efficiency. Village Manager Ewald noted that with any program, the Village would prefer not to be the financial arm and would look to partner with a third-party to perform that role. She noted preliminary conversations with the City of Milwaukee who has partnered with a bank to run a similar energy efficiency program. Village Manager Ewald noted that staff would also review the currently frozen Neighborhood Improvement Loan Program for updates with a similar expectation of third-party administration.

Village Manager noted that she has extended questions to the Milwaukee Metropolitan Fair Housing Council on possible programs, as suggested by Tr. Amenta. She stated that she has had preliminary conversations with the City of Milwaukee on a revolving loan program that they have with them.

Tr. Amenta expressed appreciation on the page within the packet that summarized recommendations from the Novogradac report. She questioned the continuance of the down-payment assistance program, since there was apparently little interest in it. Village Manager Ewald noted that all three aspects of the Neighborhood Improvement Loan Program would be reviewed at once. Tr. Amenta also questioned why certain recommendations related to zoning updates were connected to discussion of the TIF extension. Village Manager Ewald noted that the group agreed to answer that question first, then work on a process for public assistance, and third was a review of the Neighborhood Improvement Loan Program. She noted that zoning updates could be prioritized as a fourth item, but would likely not be done by the CDA, but rather the Plan Commission. Planning & Development Director Griepentrog noted that those discussions would take place after the Comprehensive Plan Update was finalized and actions within that Plan were prioritized. Village Manager Ewald agreed to change the next steps associated with zoning changes to the responsibility of the Plan Commission.

## **5. Adjournment.**

Tr. Stokebrand motioned to adjourn the meeting at 10:00 am; seconded by Tr. Amenta. Vote 6-0.

Respectfully submitted,



Bart Griepentrog, AICP  
Planning & Development Director



# VILLAGE OF SHOREWOOD

## REPORTS AND PRESENTATIONS TO CDA

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**Agenda Item: Consider Policy 40 - Tax Increment District (TID) creation & Tax Increment Financing (TIF) assistance**

**Date: November 6, 2020**

**Presenter: Rebecca Ewald, Village Manager**

**Department: Village Manager's Office**

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**History** – Please include a timeline of historical relevant events related to this agenda item. This may include previous Village Board action, policies, planning documents, etc. If able, hyperlink to previous agenda packets (include page number) to reference information. If there is no relevant history, N/A should be entered in this space.

1. [July 13, 2020](#) – the CDA and Village Board agreed on the following next steps in priority order at the conclusion of strategic planning: TID 1 extension; TIF policies and procedures, particularly an application process; then followed by the Neighborhood Home Loan Program and Business Loan Program. Consensus was provided on these priorities to be acted up on the suggested order.
2. [September 4, 2020](#) – the CDA discussed exploring options for programs and development project(s) that would utilize TID 1 extension funds should this be an option the CDA desires to pursue. It was noted that there is little staff time to administer programs and one option may be to consider larger development projects yielding for cost efficient results.
3. [October 23, 2020](#) – the CDA recommended an application and process for evaluating public assistance requests.

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**Agenda Item Discussion** – Please provide a summary of the agenda item along with bullet points highlighting the main items and key issues to be discussed.

The CDA is evaluating the Village's first policy related to TID creation and TIF assistance. Wisconsin communities with established policies were also reviewed and used in the development of the draft policy attached, including:

[City of Madison](#)  
[City of Middleton](#)  
[City of Milton](#)  
[City of Milwaukee](#)  
[City of Muskego](#)  
[City of Sun Prairie](#)  
[City of Wauwatosa](#)

I have reached out to the City of Milwaukee and Sam Coleman, contracted Village Equity Diversity and Inclusion Committee leader, to discuss Section 5: Hiring of Contractors to see what other organizations may be listed for inclusion in the policy and learn of any other suggestions they may have as we review the policy through an equity lens. Any additional information will be forthcoming at the meeting.

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**Community and Business Outreach** – If applicable, did you notify the community groups and businesses that are directly impacted by this agenda item. Please specify in attached

*communication plan how community groups and businesses will be informed of action after Village Board consideration.*

Yes                       No

If Yes, identify how and what community groups and businesses were notified.

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**Action Required / Recommended** – *Please include the recommended motion or possible actions for this agenda item.*

Possible motion: *“I move to recommend Policy 40 - Tax Increment District (TID) creation & Tax Increment Financing assistance to the Village Board for approval.”*

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**Attachments** – *Please list the following attachments and supporting documents for this agenda item. Some attachments may be hyperlinked. Include Fiscal notes, if applicable, as the first attachment following this memorandum. Attachments may include: agreements/contracts, presentation materials, letters, service proposals, etc.*

1. Draft Policy 40 - Tax Increment District (TID) creation & Tax Increment Financing assistance



<b>Policy No. 40</b>	<b>Page 1 of 3</b>
<b>Title:</b> Tax Increment District (TID) creation & Tax Increment Financing (TIF) assistance	
<b>Authority:</b> Village Board	
<b>Date of Issue:</b>	<b>Effective Date:</b>

**Introduction**

The purpose of this policy is to guide the Village’s review of requests for tax increment district (TID) creation and review of tax increment financing (TIF) or other requests for public assistance. The Village’s intent is to minimize its risk from a project and leverage public dollars to maximize investment, resulting in a positive impact for the community. Chapter 66 of the Wisconsin Statutes give municipalities the authority to create tax increment financing (TIF) districts to encourage desirable private development or redevelopment that would not occur in the manner, at the values, or within the timeframe desired by the Village without financial incentives.

**Section 1: Requirements & Evaluation Criteria**

All requests for TID creation and TIF assistance must comply with Wisconsin State Statutes. In accordance with Wisconsin’s TIF laws, the Village and a Joint Review Board must consider the following three criteria in evaluating the potential creation or amendment of a TID:

1. Whether the development expected in the TID would occur without the use of tax increment financing.
2. Whether the benefits of the proposal outweigh the anticipated tax increments to be paid to the owners of property in the overlying taxing districts.

In order to meet the first criterion, known as the “but for” test, it must be demonstrated that development(s) would not take place at the desired level or timeframe without TID creation and TIF assistance. Development that would be likely to proceed without receiving TIF funds will generally not be eligible for assistance.

The following criteria will also be used in evaluating requests. Other factors may be considered as well on a project-by-project basis.

1. Does the project conform to existing plans and zoning?
2. How does the project increase and improve the Village’s tax base?
3. What portion of the tax increment is applied to the project compared to total TIF district?
4. What is the economic impact of the project including job creation and retention?
5. Does the project support the Village’s housing and sustainability goals?
6. What impact would the project have on current Village residents and businesses?
7. What are the qualifications of the developer and the developer team?
8. What level of private equity and financing is included in the project budget?
9. Does the project rely on reasonable assumptions of real property value increases?
10. Would the proposed project assist in achieving other policy goals established by the Village?

The Village will approve or reject requests on a case-by-case basis, taking into consideration established policies, project criteria, and the project’s demonstrated public purpose. TID creation and amendment

also requires approval of the Joint Review Board. Meeting all criteria will not guarantee approval of requested TID creation or financial assistance. The Village reserves the right to approve or deny any request at its sole discretion.

## **Section 2: TIF Goals**

Shorewood's goals for the use of TIF include the following in no priority order:

1. Enhancing or diversifying the Village's economic and property tax base.
2. Encouraging redevelopment of under-utilized properties.
3. Fostering the creation and retention of jobs that offer stable employment and attractive wages and benefits.
4. Providing housing opportunities that are consistent with identified housing needs. See [2020 Housing Study](#) recommendations.
5. Encouraging urban in-fill projects consistent with the Village's Comprehensive Plan.
6. Assisting in the revitalization of historic, architecturally significant or blighted properties.
7. Create a range of housing types and specifically encourage the development of workforce and affordable housing, especially housing that is for those earning less than the [Milwaukee-Waukesha-West Allis area median income](#) HUD calculation.
8. Positively affect current and future infrastructure development, including improvements to the Village's infrastructure, transportation/pedestrian accommodations, storm water, sanitary sewer and water utilities, and improve the quality and livability of neighborhoods.
9. Accomplishing other public policy goals, such as energy conservation, the promotion of quality urban or architectural design, public access and open space.

## **Section 3: Policy Statements**

1. The Village will provide assistance primarily through developer-financed methods to minimize the risk of public participation whenever possible.
2. The Village will consider TIF requests only after determining that other possible available funding sources are not sufficient to finance the project and provide an adequate rate of return for the project to move forward.
3. The developer will consider other financing options, prior to application.
4. The Village will consider TIF only for projects with demonstrated market demand.
5. The Village will not provide mortgage guarantees.
6. The Village will require personal guaranty for receiving TIF assistance in an amount and form acceptable to the Village.
7. The Village will not provide TIF assistance to developers that cannot adequately demonstrate an ability to complete the proposed project on time and on budget.
8. The Village will only provide TIF assistance for tax-exempt uses where those uses are subject to payments in lieu of taxes (known as PILOTS).
9. All TIF assistance shall include a "look back" provision to verify project estimates. When the actual costs are below original estimates, the Village will share in the savings and where the return significantly exceeds initial projects, it will reduce the amount of assistance provided.
10. All development agreements shall establish a maximum assessed value whereby the property owner shall agree not to protest to the Board of Review or Circuit Court the Assessor's determination of the property value for the properties for which the grant is requested during the life of the TID.

#### **Section 4: Ineligible Development**

Luxury housing is ineligible for TIF assistance. “Luxury housing” is defined as housing with rents or purchase price above the current market at the time an application for public assistance is submitted. Market rate housing projects will be evaluated on a case-by-case basis and may be considered for assistance to the degree they demonstrate a financial gap and promote the Village’s goals articulated above.

#### **Section 5: Hiring and Contracting for TIF Funded Projects**

For any project that receives or otherwise benefits from public TIF assistance, either directly or indirectly, the developer shall advertise and make all design, construction and other contracted services related to the project available to Minority Enterprise Businesses, Women Enterprise Businesses or Disadvantaged Enterprise Businesses. A qualified business shall either be 1) owned by persons who are consistent with a protected class, and/or 2) have more than 60% of their workforce consisting of protected classes.

This criteria shall be deemed met upon the Village receiving documentation from the developer confirming they have forwarded a formal solicitation of bids or proposals to at least three (3) businesses and fairly evaluated any bids or proposals received by these qualified businesses. A qualified business shall meet at least one of the following criteria:

- The business is certified under the Wisconsin Supplier Diversity Program through the Wisconsin Department of Administration.
- The business has been vetted and verified as a minority business enterprise through one of these qualified agencies:
  - [Wisconsin Women’s Business Initiative Corporation](#)
  - [Wisconsin LGBT Chamber of Commerce](#)
  - [Wisconsin Black Chamber of Commerce](#)
  - [Milwaukee Urban League](#)
- A business may also qualify as a minority business enterprise if it can be otherwise documented that:
  - The ownership of the business is at least 60% owned by persons identified as protected classes of people.
  - Their workforce consists of at least 60% persons who would fall into the category of a protected class.

The developer shall submit documentation of any efforts undertaken to meet these requirements prior to construction beginning on the project to the Village Manager’s Office. Failure to meet these criteria may result in penalties ranging from financial penalties, reduction in TIF assistance amounts or termination of the development agreement. Any penalty to be implemented shall be recommended by the CDA and enforced at the sole discretion of the Village Board.