

Economic Development Investment Policy

City of Wauwatosa, Wisconsin

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City of Wauwatosa Economic Development Investment Policy

The following policy shall inform all economic development investment programs of, and related decisions made by, the City of Wauwatosa (the "City"), and is to be implemented in a manner consistent with the Wisconsin Statutes.

In this policy, the term "project" means a property for which City economic development investment is requested or provided.

A. POLICY CONSIDERATIONS

1. The City recognizes that creating good-paying jobs, encouraging economic development, removing barriers to investment, providing a diverse housing stock and improving value density are desirable public purposes which benefit the entire community. Projects for which City economic development investment is requested will take the following into consideration:
 - a. The likelihood that the project will expand and improve the City's tax base.
 - b. The project's likely benefit to the community from all perspectives, including created or retained jobs, elimination of blight, environmental sensitivity, promotion of equity and inclusion programs etc.
 - c. The project's ability to address a need identified in the City's most recent Housing Study.
2. Wauwatosa is a mature and built-out community. Often the ability to promote additional economic development requires removing barriers to private investment such as contaminated soil and outdated infrastructure and utilities. Urban densities often result in additional costs for such items as structured parking, relocation of existing uses, and transportation alternatives. The City recognizes that to maintain competitive growth, it might need to reduce such costs by providing financial assistance.
3. Because it is not possible to anticipate every project's needs and requirements or the community's ever-changing needs, and because it is necessary to retain the flexibility to respond to all proposed projects, the City reserves the right to approve projects and economic development investment which may vary from the principles and criteria stated in this policy. Specifically, it is important to recognize that the size and impact of individual development proposals may have a significant effect on the determinations made pursuant to this policy.

B. MANDATORY CRITERIA

All persons who request economic development investment must demonstrate, to the City's satisfaction, that their proposed projects will meet the following standards:

1. *Financial Needs Test*. A substantial likelihood that the proposed project will not go forward without the financial assistance.
2. *Economic Feasibility*. The project has adequate financing and will be completed in a timely fashion.
3. *Minimum City Benefits Threshold*. The project is likely to generate the minimum benefits needed for City staff to recommend the project for approval to the City's Community Development Authority ("CDA") and Common Council.

4. Compliance with City Plans. The project will comply with the City's Comprehensive Plan and any other City plans (e.g., Village Plan) for the area in which the project is located.
5. Compliance with Applicable Federal, State, and Local Laws. Such laws include, but are not limited to, tax codes, Chapter 66 of the Wisconsin Statutes, and City ordinances.

C. PROJECT EVALUATION CRITERIA

The project review and evaluation criteria are:

1. Tax Base

- a. Increase in Tax Base: The net increase in property taxes estimated to be generated by the project in its first full year of operation and its projected life.
- b. Density and Development Value: The density and development value per acre compared with the value of the existing land use.

2. Land Use

- a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in Section 5 below, the project is more compatible with the City's comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry (such as a technology or service business), which is preferred over other permitted uses.
- b. Marginal Property. Whether the project is located on property which needs redevelopment, but is not likely to be developed or redeveloped because of blight or other adverse conditions. For example, property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.
- c. Design and Other Amenities. Whether, as a result of the financial incentive, the project will include design or amenity features not required by law. For example, the City may request that the project include landscaping, open spaces, public trails, or sustainability enhancements which serve a public purpose.

3. Jobs and Wages

- a. New Jobs. The minimum net number of direct full-time equivalent jobs to be created or retained by the project for at least two years from the estimated benefit date.
- b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated by the project at the end of the third anniversary date of the estimated benefit date.

4. Impact on Existing and Future Public Investment

- a. Impact on Infrastructure Investment. Whether and to what extent the project will (1) use existing public infrastructure or (2) require additional public infrastructure investments in transportation or in water, sewer, storm water, or other utilities.
- b. Direct Monetary Return on Public Investment. Arrangements to be made for the City to receive a direct monetary return on its investment in the project. For example, the economic development investment may be in the form of an interest-bearing loan or may involve a project-sharing arrangement.

5. Economic Development

- a. Leveraged Funds. The amount of private funds that will be applied towards the project's capital cost as compared with the economic development investment requested.
- b. Spin-Off Development. The monetary amount of non-incentivized development that the project is expected to generate in the surrounding area and the need for and likelihood of such spin-off development.
- c. Growth Potential. Based on the recipient's market studies and plans for expansion, whether and to what extent the project is expected, within five years of completion, to be expanded to produce a net increase of full-time equivalent jobs and of payroll, above the minimum net increase in jobs and payroll described in Section 3 above.

6. Quality of Life

- a. Community Services. Whether the project will provide community services or increase the need for such services. For example, the project may provide health services and retail convenience services such as a nearby grocery store, or require additional social services.
- b. Natural Environment. Whether the project will add to, or detract from, our community's natural environment, which is an integral part of the local economy and our quality of life.

7. Other Factors

- a. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the economic development investment proposed for it.

D. ECONOMIC DEVELOPMENT INVESTMENT PROGRAMS

More specific policies may be adopted for individual economic development investment programs (e.g., tax increment financing policies.)

City of Wauwatosa Tax Increment Financing Program Policy

A. PURPOSE

Chapter 66 of the Wisconsin Statutes gives municipalities the authority to provide tax increment financing (“TIF”) to encourage desirable private development or redevelopment that would not occur without assistance – so-called “but for” financing.

The purpose of this TIF guideline is to guide the City's processing and review of TIF requests and to maximize TIF benefits for all affected taxing jurisdictions (the City, Wauwatosa School District, Milwaukee Area Technical College, Milwaukee Metropolitan Sewerage District, Milwaukee County, and State of Wisconsin). The City's intent is to minimize its risk from, and amount of economic development investment to, a project and to leverage its public dollars to maximize private sector funding.

The City will approve or reject TIF requests on a case-by-case basis, taking into consideration established policies, project criteria, and the project's demonstrated public purpose. Meeting all policy criteria will not guarantee approval of the requested financial assistance. The City reserves its right to approve or deny any request at its sole discretion.

B. PUBLIC PURPOSE OBJECTIVES

The City will consider TIF assistance for projects which demonstrate the likelihood of achieving one or more public purpose objectives. Preference shall be given to those which meet several of the following objectives:

1. Enhancing or diversifying the City's economic base and value density.
2. Encouraging redevelopment of under-utilized properties.
3. Retaining local jobs or increasing the number and diversity of jobs that offer stable employment and attractive wages and benefits.
4. Encouraging additional unsubsidized private (re)development.
5. Removing blight or encouraging (re)development of commercial and industrial areas.
6. Providing housing opportunities that meet a need identified in the City's most recent Housing Study.
7. Protecting and revitalizing neighborhood character by removing blight in, or adjacent to, residential areas.
8. Positively affecting current and future infrastructure development, including transportation, storm water, sanitary sewer, and water utilities.
9. Improve equity and inclusion within the City of Wauwatosa.
10. Accomplishing other public policy objectives, such as energy conservation, the promotion of quality urban or architectural design, or decreasing capital or operating costs of local government, or any of the following:
 - Using architectural and landscaping techniques that will enable the project's components to blend with the natural environment.
 - Mitigating project impact on the natural environment.
 - Utilizing other sustainability standards.

11. Implementing objectives in the City's comprehensive plan or other plans adopted by the Common Council.
12. The size and impact of individual development proposals may have a significant effect on the determinations made pursuant to this policy.

C. POLICY POSITIONS

1. If the City provides TIF assistance, it will do so primarily through developer-financed methods, to minimize the risk of public participation whenever possible. This is particularly important in situations involving single-site Tax Increment Districts.
2. The City will consider TIF requests for up-front project financing through the sale of bonds or other internal sources on a case-by-case basis, will limit TIF to the highest priority projects, and will require specific and measurable interim milestones prior to disbursement of funds.
3. The City will consider TIF requests only after determining that other possible sources will not generate economic development investment sufficient to complete the project.
4. Except in extraordinary circumstances, the City will not provide economic development investment for projects unless the developer invests a minimum of 20% in the project's equity.
5. The City will consider TIF only for projects with a demonstrated market demand.
6. The City will not use TIF to promote development which would negatively affect any other underlying taxing jurisdiction without that jurisdiction's approval.
7. The City will not provide TIF assistance where it would create an unfair competitive advantage for the assisted project when compared to other projects developed within the City.
8. The City will not provide TIF assistance to developers that cannot adequately demonstrate an ability to complete the proposed project on time and on budget.
9. All TIF assistance shall include a "look back" provision to verify cost estimates and returns. (In other words, where actual costs are below original estimates, the City will share in the savings, and where the rate of return significantly exceeds initial projections, it will reduce the amount of assistance provided.)
10. The City will only provide TIF assistance for tax-exempt uses where those uses are subject to payments in lieu of taxes (known as "PILOTs").

D. PROJECT REQUIREMENTS

1. All developers requesting TIF assistance must demonstrate that:
2. The project is not financially feasible without the use of the requested TIF.
3. The TIF request complies with the Wisconsin Statutes.

4. The project is consistent with the City's comprehensive plan, land use plan(s), strategic plan, and zoning ordinance.
5. The project meets the city's procurement inclusion policy for economic development projects that are receiving Tax Increment Financing greater than \$500,000. The policy requires 25% of contracting for professional and construction services be with Disadvantaged Business Enterprises (DBEs). In addition, 25% of construction employees hired for the project must be hired from economically distressed Milwaukee County zip codes. This will be verified by an independent consultant paid for through the Tax Increment District.
6. Submit an Initial Enrollment/Application using Focus on Energy's Energy Design Assistance (EDA) Express Online Tool. The Express EDA Online Tool is a self-directed whole building energy analysis and allows applicants to enroll in the program with basic project information and evaluate three preliminary bundle and incentive options in a streamlined manner. Results will be shared with the City. Applicants should be prepared to provide as much of the following information as possible: Number of units, number of stories, gross square footage, lighting, and types of mechanical systems (heating & cooling). New Construction Energy Design Assistance Program: <https://www.focusonenergy.com/business/new-construction>

E. APPLICATION AND APPROVAL PROCESS

1. A developer will commence the process by submitting an Economic Development investment Application (Exhibit A) to the City's Development Department.
2. The City staff will submit results of the Application Review Worksheet to the City's Development Team for review.
3. The Development Team will review the proposal, provide comments, and make a timely advisory recommendation to the Common Council for approval or denial of the request following the developer's submission of a complete application.
4. If advisory approval is recommended, the City staff will prepare all necessary notices, resolutions, and certificates.
5. The CDA will hold public hearing(s) on the proposed project to consider the advisory recommendation(s).
6. The Common Council will approve or deny the request for financing.