

TIF Project Report to the City of Manitowoc Finance Committee

Meeting Date: October 4, 2016

Applicant: Angelus Retirement Village of Manitowoc LLC (aka Americare Senior Services)

Project Description: Construction and operation of 52-unit senior housing complex that will be classified as a Residential Care Apartment Complex (RCAC) under HFS 89 (Wis. Adm. Code). “The RCAC will provide 24/7 services to frail seniors of the Manitowoc area to include: meal preparation, laundry services, housekeeping services, medical administration, transportation, daily social activities and planned events.” Expected employment is 30+ FTEs. Anticipated project cost is \$6.5M. The desired site is about 3.5 acres in size. Photographs of a comparable project are attached.

Request: \$1,000,000 cash grant (approximately 15% of project costs) from TID 18 which includes hard and soft development costs as well as of deferment or elimination of development fees, permits fees, and first year property taxes.

Existing Land Use and Assessed Value: Former Elks Club clubhouse and parking lot are currently assessed at a total value of \$392,300. Note that this includes 10 acres of land.

TID Details and Status:

- Creation Year: 2015
- Certified Base Value: \$13,492,300
- Current Equalized Value: \$13,040,300 (-\$461,900 decrement due to CVS, mall demo)
- Expenditure Period Ends: 9/21/30

Project Evaluation:

Eligibility

Wisconsin Statutes allow for grants to developers where a development agreement has been executed with the municipality. The TID 18 Project Plan also specifically allows for cash grants to developers, but it sets a maximum grant of \$40,000 without the additional approval of the Joint Review Board. The Plan sets an anticipated budget for cash grants at \$1,200,000, so this single request would consume 83% of the budget for cash grants to developers.

Applicable TID Plan

TID 18 is a mixed use TIF district, and the project location is identified in the plan as a place where additional mixed-use development is expected. The proposed use as a senior housing complex is appropriate based on the plan maps. It is also important to note that the Plan states “The City of Manitowoc anticipates that TID 18 will primarily function as a pay-as-you-go District, meaning that improvements will not be financed until adequate increment value is committed or already in place.” It is also important to note that the Plan budgets far more resources toward public infrastructure improvements than toward grants to developers with the intention of using TIF funds to add the streets, sidewalks, utilities and public amenities needed to support a greater density and value of development within the district.

Financing Gap and Need for TIF

The applicant has identified debt and equity sources for \$5.5M of the total project costs leaving a gap of \$1M. The anticipated uses of funds range widely from property acquisition, demolition, and site work, to design fees, legal fees, and construction loan interest. Proof of financing commitments will be requested if the Committee recommends proceeding with the project.

Financial Analysis

Assumptions

- Tax rate: \$21 per \$1,000
- Tax rate deflation: 0.5% per year
- Inflation increment: 0%
- Assessed value of completed project: \$5,000,000
- Bond rate and repayment term: 2.0%, 10 years

Proforma – Requested Scenario (see attached)

- Total cost of borrowing: \$1,113,265.28
- Tax revenue over life of the TID: \$1,440,563.40
- Tax revenues reimbursed: \$0
- Year expenditures recovered: 2032 (15 years after bond issuance)

Proforma – Alternative Scenario 1 (see attached)

- Total cost of borrowing: \$0
- Tax revenue over life of the TID: \$1,440,563.40
- Tax revenues reimbursed: \$500,000
- Year expenditures recovered: 2025 (after 7 years of tax reimbursements)

Other Alternatives

- If tax reimbursements are made for 10 years on a \$5M assessed value, then a \$750,000 pay-as-you-go TIF contribution is supported.
- If the assessed value is \$6M instead of \$5M, then a \$750,000 pay-as-you-go TIF contribution is recovered in 8 years.

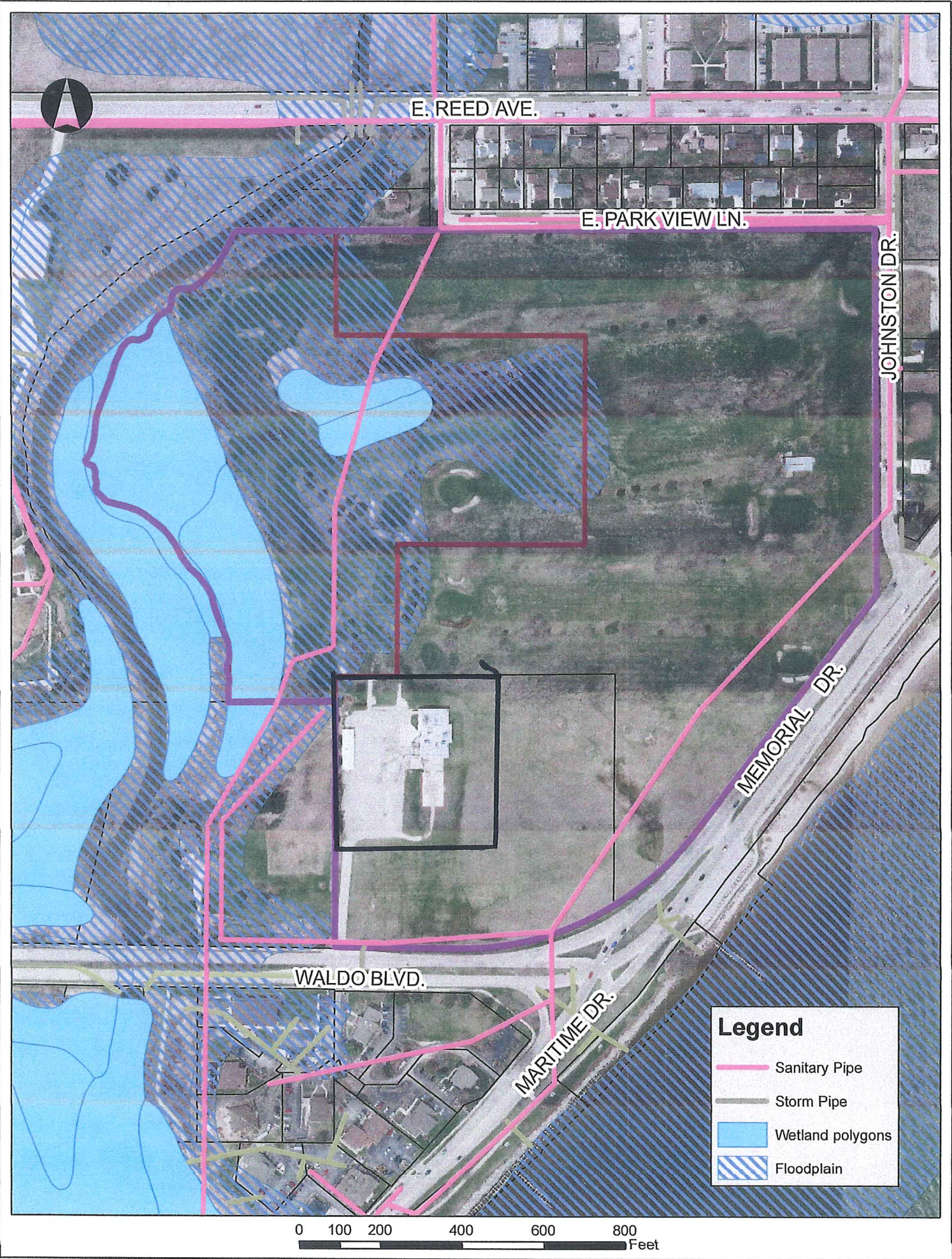
Conclusions and Recommendation: While this is a special project in terms of the quality of the proposed construction and the potential assessed value impact, the request for an up-front cash grant is premature in the life-cycle of TID 18 and not consistent with its expressed pay-as-you-go approach or its emphasis on financing public infrastructure projects. The Community Development Department would recommend forwarding to the Joint Review Board a request for a \$500,000 pay-as-you-go TIF agreement. A \$750,000 pay-as-you-go TIF agreement could also be supported.

Scenario: Angelus Village Request (\$1,000,000 cash grant sourced from bonding)

Year	TID Value	Construction Increment	TIF Increment Over Base	Tax Rate	Tax Revenue	Bond Payments		Year-end Cummulative		Cost Recovery	Year
						P&I	TID Yearly Balance	Balance			
2015	\$13,492,300.00	\$0.00	\$0.00	21.00			\$0.00	\$0.00	\$0.00		1
2016	\$13,492,300.00	-\$461,900.00	-\$461,900.00	20.90	\$0.00		\$0.00	\$0.00	\$0.00		2
2017	\$13,030,400.00	\$500,000.00	\$38,100.00	20.79	\$0.00	\$111,326.53	-\$111,326.53	-\$111,326.53			3
2018	\$13,530,400.00	\$4,500,000.00	\$4,538,100.00	20.69	\$0.00	\$111,326.53	-\$111,326.53	-\$222,653.06			4
2019	\$18,030,400.00	\$0.00	\$4,538,100.00	20.58	\$788.16	\$111,326.53	-\$110,538.37	-\$333,191.43			5
2020	\$18,030,400.00	\$0.00	\$4,538,100.00	20.48	\$93,408.35	\$111,326.53	-\$17,918.18	-\$351,109.61			6
2021	\$18,030,400.00	\$0.00	\$4,538,100.00	20.38	\$92,941.30	\$111,326.53	-\$18,385.22	-\$369,494.83			7
2022	\$18,030,400.00	\$0.00	\$4,538,100.00	20.28	\$92,476.60	\$111,326.53	-\$18,849.93	-\$388,344.76			8
2023	\$18,030,400.00	\$0.00	\$4,538,100.00	20.17	\$92,014.21	\$111,326.53	-\$19,312.31	-\$407,657.08			9
2024	\$18,030,400.00	\$0.00	\$4,538,100.00	20.07	\$91,554.14	\$111,326.53	-\$19,772.38	-\$427,429.46			10
2025	\$18,030,400.00	\$0.00	\$4,538,100.00	19.97	\$91,096.37	\$111,326.53	-\$20,230.16	-\$447,659.62			11
2026	\$18,030,400.00	\$0.00	\$4,538,100.00	19.87	\$90,640.89	\$111,326.53	-\$20,685.64	-\$468,345.25			12
2027	\$18,030,400.00	\$0.00	\$4,538,100.00	19.77	\$90,187.69		\$90,187.69	-\$378,157.57			13
2028	\$18,030,400.00	\$0.00	\$4,538,100.00	19.68	\$89,736.75		\$89,736.75	-\$288,420.82			14
2029	\$18,030,400.00	\$0.00	\$4,538,100.00	19.58	\$89,288.06		\$89,288.06	-\$199,132.76			15
Final expenditure year	2030	\$18,030,400.00	\$0.00	\$4,538,100.00	19.48	\$88,841.62		\$88,841.62	-\$110,291.13		16
	2031	\$18,030,400.00	\$0.00	\$4,538,100.00	19.38	\$88,397.42		\$88,397.42	-\$21,893.72		17
	2032	\$18,030,400.00	\$0.00	\$4,538,100.00	19.28	\$87,955.43		\$87,955.43	\$66,061.71 Expenditures Recovered		18
	2033	\$18,030,400.00	\$0.00	\$4,538,100.00	19.19	\$87,515.65		\$87,515.65	\$153,577.36		19
	2034	\$18,030,400.00	\$0.00	\$4,538,100.00	19.09	\$87,078.07		\$87,078.07	\$240,655.44		20
Maximum life of TID	2035	\$18,030,400.00	\$0.00	\$4,538,100.00	19.00	\$86,642.68		\$86,642.68	\$327,298.12		21
			\$4,538,100.00			\$1,440,563.40	\$1,113,265.28				

Scenario: Angelus Village Alternative 1 (\$500,000 pay-as-you-go tax reimbursement)

Year	TID Value	Construction Increment	TIF Increment Over Base	Tax Rate	Tax Revenue	Property Tax Reimbursements	TID Yearly Balance	Year-end Cummulative Balance	Cost Recovery	Year
2015	\$13,492,300.00	\$0.00	\$0.00	21.00			\$0.00	\$0.00		1
2016	\$13,492,300.00	-\$461,900.00	-\$461,900.00	20.90	\$0.00		\$0.00	\$0.00		2
2017	\$13,030,400.00	\$500,000.00	\$38,100.00	20.79	\$0.00		\$0.00	\$0.00		3
2018	\$13,530,400.00	\$4,500,000.00	\$4,538,100.00	20.69	\$0.00		\$0.00	\$0.00		4
2019	\$18,030,400.00	\$0.00	\$4,538,100.00	20.58	\$788.16	\$788.16	\$0.00	\$0.00		5
2020	\$18,030,400.00	\$0.00	\$4,538,100.00	20.48	\$93,408.35	\$93,408.35	\$0.00	\$0.00		6
2021	\$18,030,400.00	\$0.00	\$4,538,100.00	20.38	\$92,941.30	\$92,941.30	\$0.00	\$0.00		7
2022	\$18,030,400.00	\$0.00	\$4,538,100.00	20.28	\$92,476.60	\$92,476.60	\$0.00	\$0.00		8
2023	\$18,030,400.00	\$0.00	\$4,538,100.00	20.17	\$92,014.21	\$92,014.21	\$0.00	\$0.00		9
2024	\$18,030,400.00	\$0.00	\$4,538,100.00	20.07	\$91,554.14	\$91,554.14	\$0.00	\$0.00		10
2025	\$18,030,400.00	\$0.00	\$4,538,100.00	19.97	\$91,096.37	\$36,817.24	\$54,279.37	\$54,279.37	Expenditures Recovered	11
2026	\$18,030,400.00	\$0.00	\$4,538,100.00	19.87	\$90,640.89		\$90,640.89	\$144,920.26		12
2027	\$18,030,400.00	\$0.00	\$4,538,100.00	19.77	\$90,187.69		\$90,187.69	\$235,107.95		13
2028	\$18,030,400.00	\$0.00	\$4,538,100.00	19.68	\$89,736.75		\$89,736.75	\$324,844.70		14
2029	\$18,030,400.00	\$0.00	\$4,538,100.00	19.58	\$89,288.06		\$89,288.06	\$414,132.76		15
Final expenditure year	2030	\$18,030,400.00	\$0.00	\$4,538,100.00	19.48	\$88,841.62		\$88,841.62	\$502,974.38	16
	2031	\$18,030,400.00	\$0.00	\$4,538,100.00	19.38	\$88,397.42		\$88,397.42	\$591,371.80	17
	2032	\$18,030,400.00	\$0.00	\$4,538,100.00	19.28	\$87,955.43		\$87,955.43	\$679,327.23	18
	2033	\$18,030,400.00	\$0.00	\$4,538,100.00	19.19	\$87,515.65		\$87,515.65	\$766,842.88	19
	2034	\$18,030,400.00	\$0.00	\$4,538,100.00	19.09	\$87,078.07		\$87,078.07	\$853,920.95	20
Maximum life of TID	2035	\$18,030,400.00	\$0.00	\$4,538,100.00	19.00	\$86,642.68		\$86,642.68	\$940,563.64	21
		\$4,538,100.00		\$1,440,563.40		\$500,000.00				



E. REED AVE.

E. PARK VIEW LN.





JOHNSTON DR.

MEMORIAL DR.

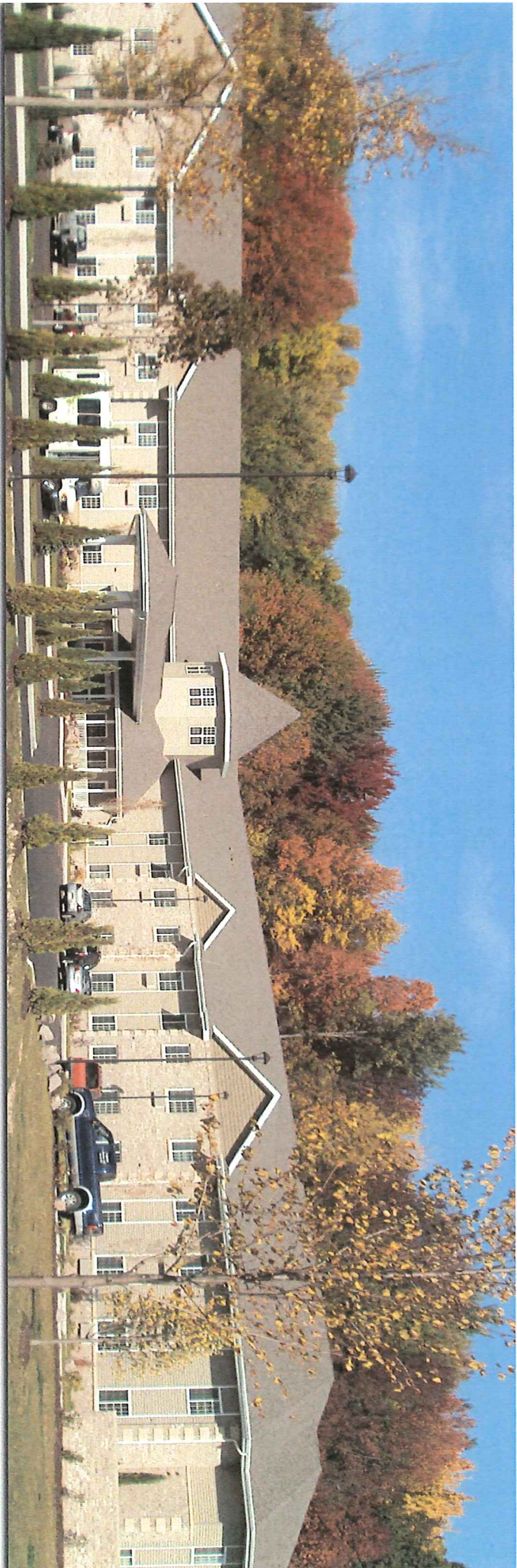
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MARITIME DR.

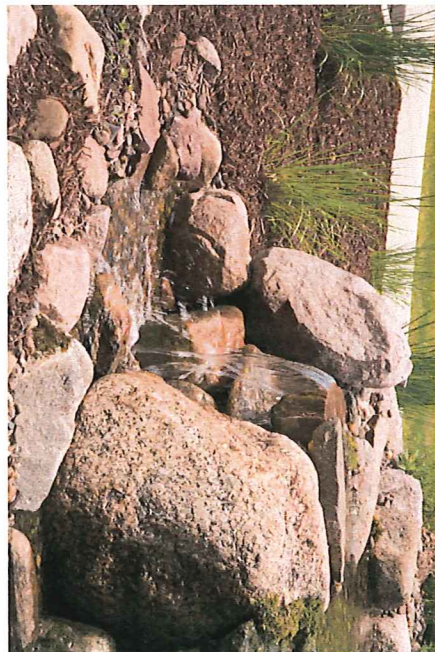
Legend

-  Sanitary Pipe
-  Storm Pipe
-  Wetland polygons
-  Floodplain

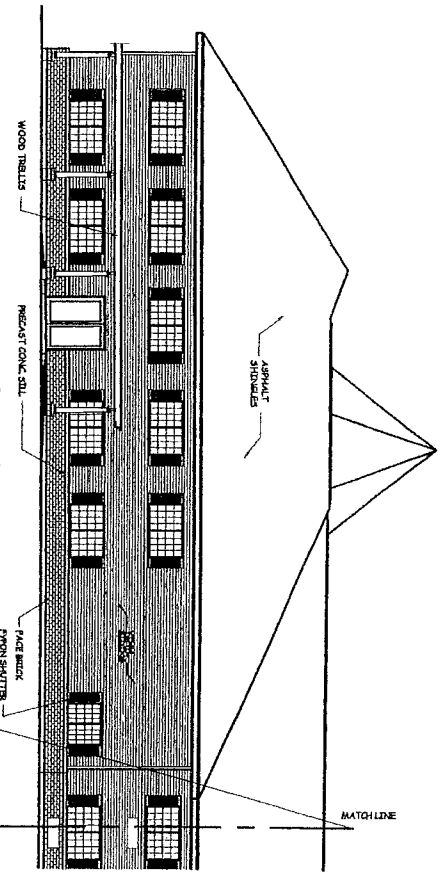
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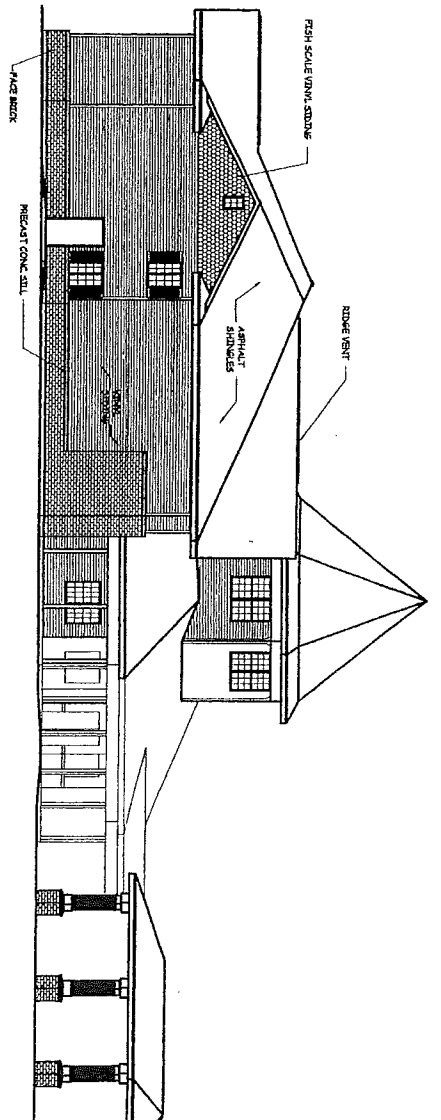
Prototype - Angelus Village of Maritauac



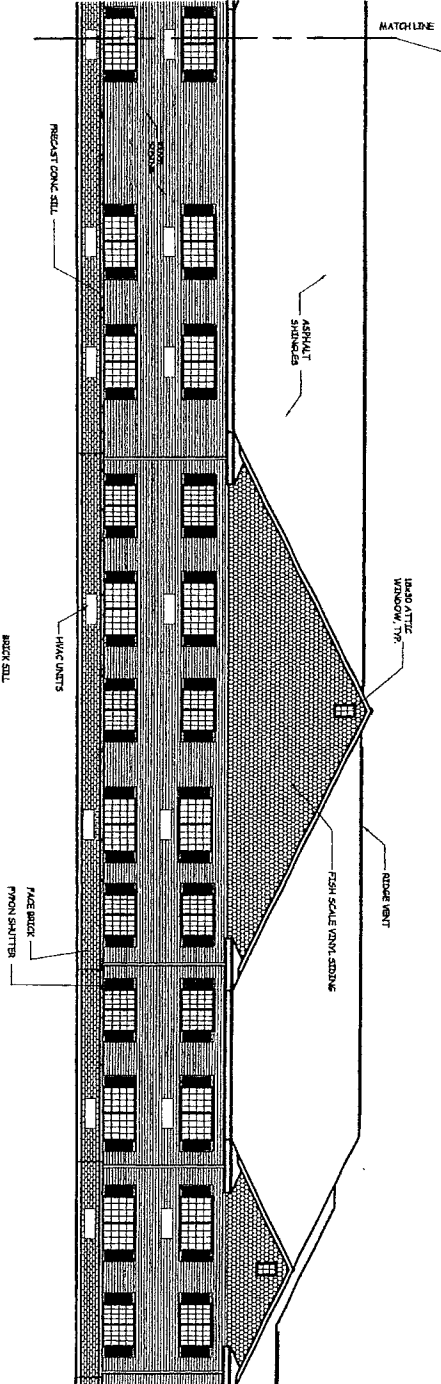
1A NORTH WING - EAST ELEVATION
SCALE 1/8" = 1'-0"



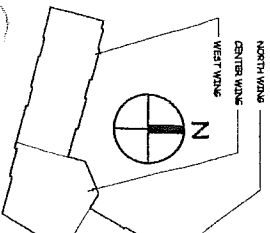
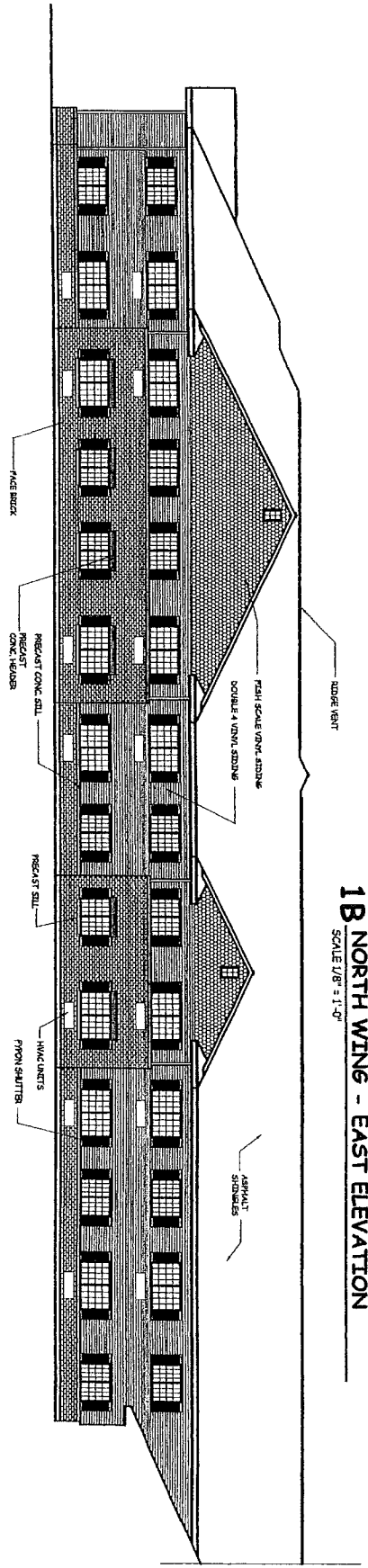
2 NORTH WING - NORTH ELEVATION
SCALE 1/8" = 1'-0"



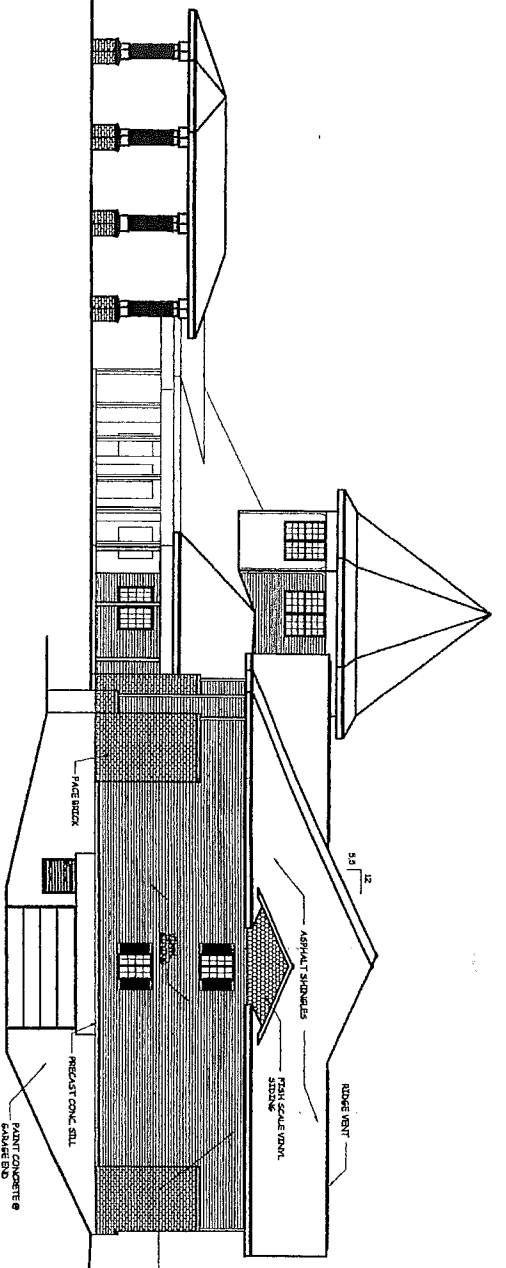
1B NORTH WING - EAST ELEVATION
SCALE 1/8" = 1'-0"



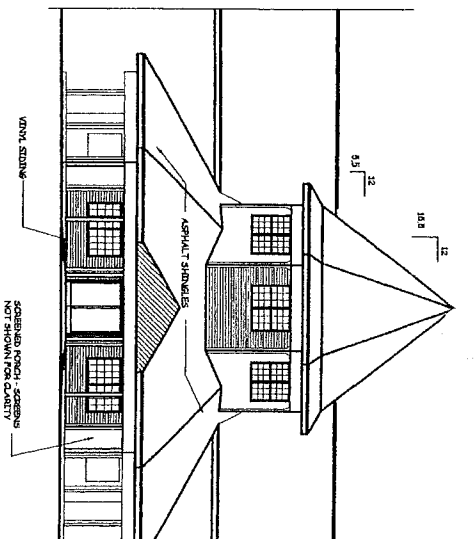
3 NORTH WING - WEST ELEVATION
SCALE 1/8" = 1'-0"



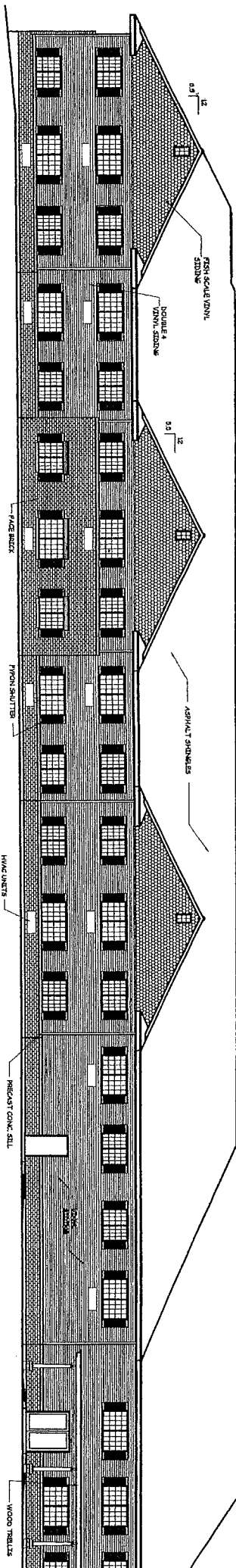
KEY PLAN



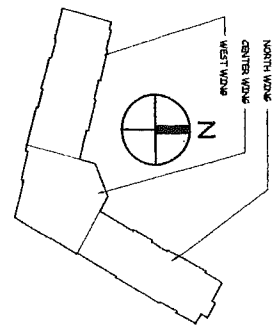
1 WEST WING - WEST ELEVATION
SCALE 1/8" = 1'-0"



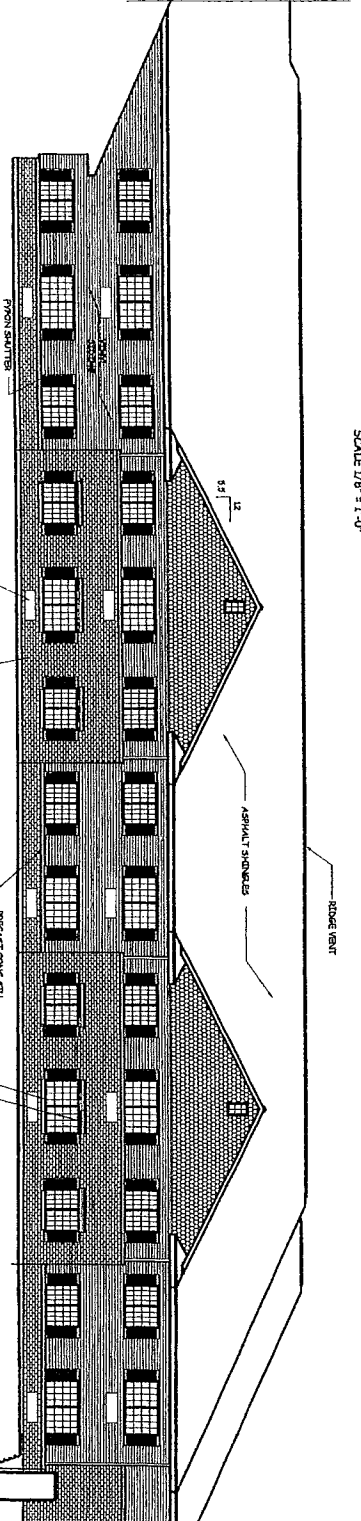
2 CENTER WING - NORTH ELEVATION
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3 WEST WING - SOUTH ELEVATION
SCALE 1/8" = 1'-0"



KEY PLAN



4 WEST WING - NORTH ELEVATION
SCALE 1/8" = 1'-0"