

MEMORANDUM

TO: Common Council

FR: Joe Gromacki, TIF Coordinator

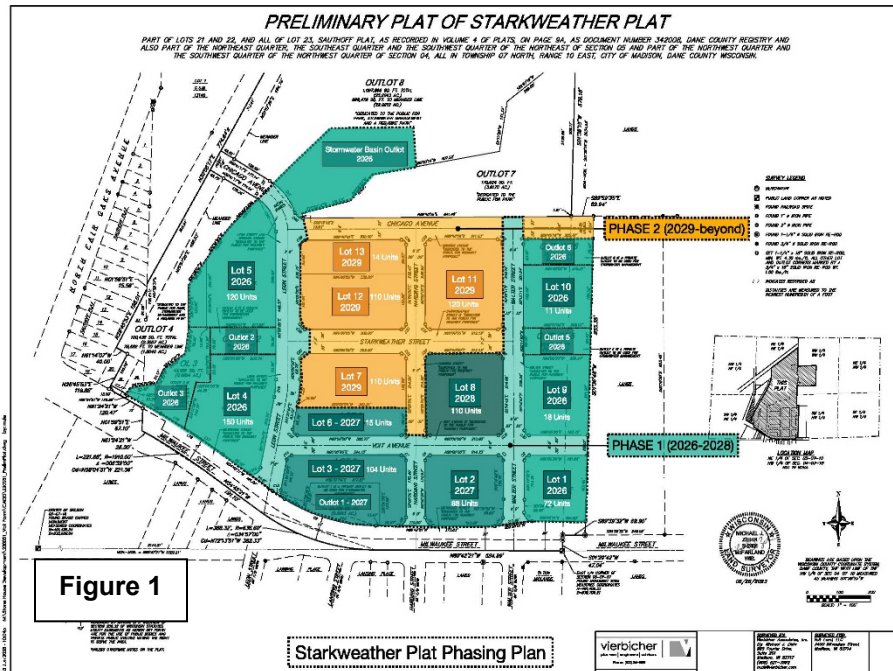
DATE: April 8, 2025

SUBJECT: TID 55 CREATION SUMMARY – Voit Farm (Starkweather, LLC)

Project Description

Starkweather, LLC (“Developer”) proposes to develop 67.9 AC into 13 shovel-ready lots for housing and mixed-use development (the “Project”) (**see Figure 1**). The Project is located at the former Voit Farm, within the boundary of a proposed Tax Incremental District (TID) #55 to be created in 2025, for which a rough, preliminary draft of a proposed TID boundary is provided (**Figure 2**).

Developer has raised approximately \$21 million of capital sources to purchase the land, design and plat the land into parcels, secure zoning entitlements and install public infrastructure.



TIF Staff has estimated that the incremental value of initial housing development projects, comprising an initial forecast of approximately 534 units constructed on Lots 1 through 5 and starting construction between 2026 and 2027, would be approximately \$90,800,000. Developer's land development cost must be recovered through land sales to other housing developers. Housing developers may have a financing gap and may require TIF loan assistance in addition to other City and local sources of development assistance.

The new TID is projected to be able to support approximately \$3,887,000 for TIF loan assistance to housing development projects at the maximum 55% amount allowed under TIF Policy ("55% Gateway"), and approximately \$4,165,000 for City land banking of Lots 6, 9, 10 and 13. It is estimated that the remaining lots held by the Developer could yield approximately 984 units (including the 534 units estimated in Lots 1 through 5).

Summary

Estimated Incremental Value – Initial Development Forecast	\$90,800,000
Approximate Project Cost	\$21,000,000
TIF Loan Assistance for Housing	\$ 3,887,000
TIF Funding for City Land Banking	\$ 4,165,000

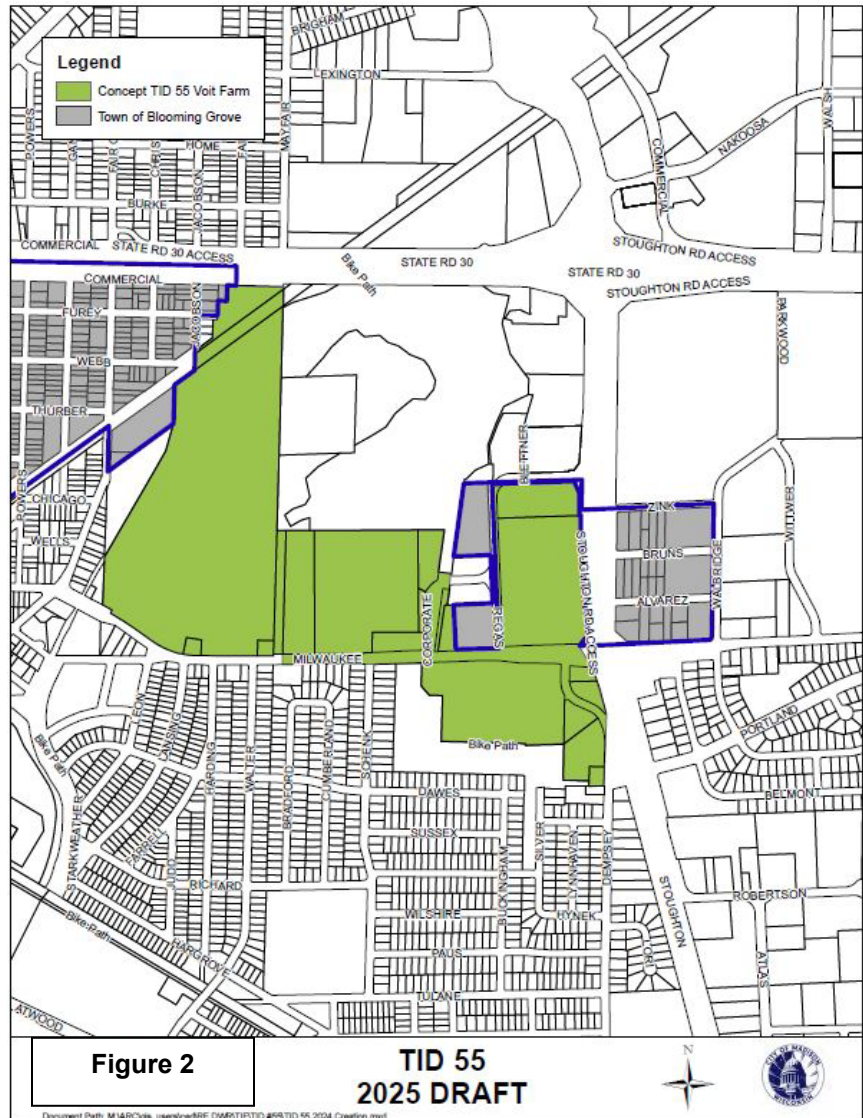
TID 55 Creation

The Project will require the creation of a new mixed-use TID 55 for an area generally bounded by State Highway 30 to the north, State Highway 51 (Stoughton Road) to the west, Milwaukee Street to the south and Fair Oaks Drive to the west (Figure 2).

The total amount of TIF for the housing development in the proposed TID is approximately \$8.0M, representing approximately 77% of the projected TIF.

There is limited anticipated value growth within in the proposed TID but outside of the Project area. In addition, the typically lengthy period required for land development absorption (usually about 15 years) means that incremental value growth will be gradual, which translates to lesser amounts of tax increment available each year, and less supportable TIF borrowing.

In addition, as the nation is entering an unpredictable economic phase, including cost increases due to tariffs and potentially higher interest rates, providing some amount of financial cushion is a prudent financial measure.



In response, the Project Plan includes approximately \$3.887M of TIF assistance for housing development projects, representing 37% of TIF. In addition, the Project Plan sets aside approximately \$4.165M for City land banking, representing 40% of TIF, to purchase less viable, low-density Lots 6,9,10 and 13.

As the TID operates, the City may amend the Project Plan if tax increment generation exceeds expectations, to make additional funds available for development assistance.