

## *Underreported Cost of TID for School Sisters of Norte Dame Development*

To my fellow Village of Elm Grove residents,

I read with great interest the creation of the proposed TID#3 (Tax Incremental District) for the purpose of development of the School Sisters of Norte Dame (SSND) property. The developer (Mandel) is requesting 18.26 million dollars in direct compensation to help make this development financially viable for their investors. This district also includes the 51 condo units in the Elm Grove Terrace on Watertown Plank Road and others.

Creation of a TID /TIF can be a tool to help inspire development of otherwise “financially undevelopable” parcels for numerous reasons. They need to conform to stringent statutory requirements to comply. In this case the property will be deemed “blighted” to meet those requirements.

The TID can be attractive for municipalities because it can provide direct compensation to developers and justify that contribution with the simple concept that the additional tax dollars collected due to the new development over the years will pay for the contribution. The municipality can capture **all** property taxes collected in the “district”, not only the municipalities portion. Very attractive for the municipality maybe not so appealing to the other taxing bodies diverting their share to somewhere else. Taxpayers desire the potential of new tax revenue for cost control of property taxes creates their interest.

Some of the detail with this TID for the SSND site: Mandel will receive 18.266 million dollars in contributions from the Village/TID District, some upfront some over time. Additional cost for the Village includes water main extension past the SSND site ,interest and administration cost totaling 23.3 million. The village projects that the new land and property improvements of the apartments will have a 54.5 million value when completed. An additional 16.8 million from the 21 single family houses. The single-family homes will be individually financed by the homeowner not Mandel.

It is anticipated that the TID will collect enough new taxes due to the development to satisfy the 23.3 million spent in approximately 18 years based upon their projections. Please recall all ( Village, County, Elmbrook Schools, WCTC taxes need to be diverted not just the Village portion. Please understand that the Elmbrook School portion is larger than the Village portion on your tax bill.

The development is expected to add 59 students to the Elmbrook School System and 24 students to private schools. While some of these students could be in the Elmbrook system currently, one could assume most will be “new” to the system. The current local (after state and federal aid) cost per student is \$11,812.00 59 students \$696,908/Year for year 2021, with inflation increasing yearly. Projected funds redirected from Elmbrook School System to the TID, close to \$17,000,000 These costs will be funded by taxes collected outside the TID . I can anticipate an increase to “cover” those lost taxes. It’s not that the properties in the district are not paying taxes but rather those taxes are redirected to pay for the Village project cost and not flowing to the normal taxing jurisdictions.

There will not be any additional tax revenue from this development to control cost or provide additional funding for new projects for 18 years. The redirected funds that normally flow to the school district is a substantial unreported “cost” and should be considered as part of the project cost born by taxpayers.

The notion of “ It will pay for itself” eventually might be true but it will take **many** more years than 18

Brian Hartlmeier