

Milwaukee's Renewal Community

APPLICATION: Commercial Revitalization Deduction (CRD) 2009

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BACKGROUND INFORMATION AND INSTRUCTIONS

Commercial Revitalization Deduction (CRD)

- The CRD is one of the tax incentives that accompany Milwaukee's designation as a Federal Renewal Community (RC). The designation will last through December 31, 2009 and was only awarded to 40 areas of the country. For information on this incentive and other incentives of the RC, please visit www.milwaukeeetaxinfo.com.
- The CRD allows businesses to accelerate depreciation on 39 year life assets, industrial or commercial property (does not include machinery, equipment, furniture, and fixtures) located in the RC. Consult with a tax professional as to what costs of your project are eligible. Buildings can be either new construction or substantially renovated existing structures. The Redevelopment Authority of the City of Milwaukee (RACM) can allocate up to \$12 million in deductions for eligible projects per year, with no more than \$10 million in CRD per project.
- If a taxpayer/property owner receives an allocation, he/she can choose one of two methods to use this incentive: depreciate 50% of qualified capital expenditures in the year the building is placed in service then depreciate the remaining balance over 39 years or depreciate 100% of the qualified capital expenditures over a 120-month period.

Application Review Process and Timeline

- The Redevelopment Authority of the City of Milwaukee (RACM) is **CURRENTLY** accepting applications.
- To be considered for a 2009 CRD allocation, applications must be submitted by 4:00 pm, **Thursday, October 15, 2009**
- RACM staff and a CRD Review Committee will review applications and make allocation recommendations to the RACM Board, which will make the final allocation decisions. Staff, committee members and RACM Board members will consider the criteria listed on Appendix A when making allocation decisions.
- Decisions for 2009 allocations will be made by December 31, 2009.

Completing the Application

- An electronic form of this application is available at www.milwaukeeetaxinfo.com.
- In order to complete this application, you will need to have the following historical information:
 - ⇒ The original purchase price of the land portion and building portion for the project.
 - ⇒ The building's adjusted basis from your most recent federal tax return. (Consult with your tax professional if you need clarification on this)
 - ⇒ A detailed explanation of the construction or rehabilitation and the costs associated with the project.
- **It is recommended that you consult your accountant or tax preparer in preparing this application to determine eligible costs.**
- There is a non-refundable fee required to apply for the CRD. See page 9 of the application for details. (Make checks payable to RACM.)
- Mail or drop off your application to:
 - RACM**
 - ATTN: CRD Application**
 - 809 N. Broadway – 2nd Floor**
 - Milwaukee, WI 53202**
- You will receive a confirmation that your application was received.

Before Beginning this Application, make sure these **FIVE** items are true about your project.

1. The property is located within Milwaukee's designated Renewal Community (RC). Unsure if your property falls within this target area? Call 414-286-5840 or visit www.milwaukeeetaxinfo.com and click on "address lookup."
2. The owner of the property is a for-profit entity. Non-profit, church or government property owners cannot benefit from this incentive.
3. The redevelopment project is a commercial project. This includes retail, industrial, office, and some mixed used properties. Projects that are 100% residential are NOT eligible.
4. The project was placed in service this calendar year (2009).
5. All project partners (individuals and entities) are current on all city, state and federal taxes, i.e. income, property, withholding, sales, etc. and are in good standing with the City of Milwaukee Department of Neighborhood Services.

Questions: Call 286-5840.

APPLICATION

SECTION ONE: CRD ELIGIBILITY AND APPLICANT INFORMATION

(See Appendix A for a complete list of requirements and selection guidelines.)

I. Step One: Determine if your project is in the RC area (To verify if an address is in the RC, go to the address look-up section at www.milwaukeeetaxinfo.com or call a RC Specialist at 414-286-5840.)

Street Address: _____

Zip Code: _____ Census Tract: _____
(From website lookup)

YES, this property is in the RC. Continue on with application. IF NOT, this property is not in the RC. (Do not continue with this application. This project is not eligible for this program.)

II. Step Two: Applicant/Ownership Entity (This is the entity to whom allocation may be awarded):

Company Name: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Telephone: (____) _____ Fax: (____) _____

E-mail: _____

Name of Contact: _____ Title: _____

Type of Ownership Entity: Limited Partnership ___ General Partnership ___

Limited Liability Partnership ___ Limited Liability Company ___ S Corporation ___

Federal Tax ID Number: _____ Single Proprietor (SS#) _____

Business entity is (check all that apply):

Minority Owned Women owned Locally owned (metro Milwaukee)

(To qualify as minority or women owned, ownership must be greater than 50%)

List the name of each partner and individual that comprise the business entity and their ownership %.

1. _____

2. _____

3. _____

Is any owner, member, stockholder, partner, officer or director of any previously identified entities, or any members of the immediate family of any such person, an employee of the City of Milwaukee or its affiliates? Yes No If yes, give the name and relationship of the employee.

Are all owners, members, stockholders, partners, officers and directors current on their City of Milwaukee, State of Wisconsin and Federal taxes and in good standing with the City of Milwaukee Department of Neighborhood Services? Yes No If no, please attach information explaining who is delinquent on their taxes and for what reason.

III. Step Three: Determine the type of project: (Select all that apply.)

- New construction** – 100% commercial projects that are completely new construction, with no renovation of existing buildings on the site.
- Expansion** – 100% commercial projects with expansions of existing buildings (either in use or vacant).
- Rehabilitation** – 100% commercial projects where existing buildings are rehabilitated. In order to qualify, the rehabilitation must be considered “substantial,” (which is defined as the rehabilitation costs exceed the adjusted basis of the building).
- Mixed use** - Development project has both commercial and residential components. For mixed use projects, complete the following test.

Mixed Use Test: Does the project qualify?	Annual Total Rents	Square Footage
Enter Gross Residential Rents (either actual or projected)	\$ _____ A	_____
Enter Gross Commercial Rents	\$ _____ B	_____
Total or Gross Rents (A + B)	\$ _____ C	_____
Divide A by C and enter percentage here.	_____ D*	

*If D is 80% or MORE, your project does not qualify for the CRD. **Stop here.**
 *If D is LESS than 80%, continue.

SECTION TWO: PROJECT INFORMATION

I. Step One: Project Budget and Key Financial Information

Key Information

- a. Acquisition Date of Land and Building. _____
(MM/DD/YY)
- b. If rehab project and purchased before 01/01/09, enter the building adjusted basis from your most recent federal tax return. \$ _____
- c. Projected/actual date project will be/was placed in service _____
(MM/DD/YY)

III. Step Three: Property End Users / Occupants

Complete this information for ALL tenants / occupants of the building. (Use a separate sheet of paper if necessary.)

Business/ Tenant Name	
Name of Primary Contact	
Phone Number	
# of Square Feet	
# of Employees	

Industry code for business is:

Enter NAICS code for industry: _____
 (Formerly known as the Standard Industry Code or SIC)

Business entity is (check all that apply):

- Minority Owned
 - Women owned
 - Locally owned (metro Milwaukee)
- (To qualify as minority or women owned, ownership must be greater than 50%.)

Does the occupant represent any of the following business clusters:

- Manufacturing
- Construction/development
- Financial services
- Health services
- Other

Job Creation

List the number of jobs, by job type, to be retained and/or created as direct result of the project.

Jobs must be expressed in Full Time Equivalentents (FTEs – average 30 hours per week).
 Wage data should exclude fringe benefits.

*Management positions should be indicated as an annual salary.

Job Description	Current # of Jobs Retained ** (In FTEs)	# of Jobs Created Year 1 ** (In FTEs)	# of Jobs Created by Year 3 ** (In FTEs)	Current or Initial Hourly Wages (or Salary)
Mgmt./ Admin*				
Technical/ Prof				
Office/ Clerical				
Production				
Sales				
Skilled Crafts				
Others				
TOTAL				

a) Number of Jobs **Retained _____.

***Retained jobs are defined as jobs that would otherwise be lost if the business moved out of the City.*

b) What kind of fringe benefits does the company offer to regular full time employees?

- Health Care
- Dental
- Life Insurance
- 401k/ Pension

How were job projections developed? Explain why the projections are realistic.

The CRD is one of several tax incentives available to businesses located within Milwaukee's Renewal Community (RC). Businesses may have interest in the RC Employment Credit that allows businesses located in the RC to claim tax credits for each employee that lives and works in Milwaukee's RC. For more information on this and other tax incentives, see www.milwaukeeinfo.com or call (414) 286-5840.

SECTION THREE: SIGNATURE PAGE

After you have completed this application, sign and complete the information below.

• **Application Fee** (Non refundable – make checks payable to RACM)

- \$200 – for CRD requests less than \$500,000
- \$300 – for CRD requests from \$500,000 - \$1,000,000
- \$400 – for CRD requests greater than \$1,000,000

• **Information on your accountant / tax preparer:**

Did an accountant assist in the preparation of this application? ___ Yes ___ No

If yes, can we contact him/her to further discuss this application? ___ Yes ___ No

Please provide the name and phone number of the accountant:

Name: _____

Phone number: _____

Email address: _____

• **Signature**

I certify that the information contained in this application is, to the best of my knowledge, true and correct. I authorize the Redevelopment Authority of the City of Milwaukee (RACM), its agents or affiliates to verify the information obtained in this statement and to obtain additional information concerning the applicant’s financial condition although RACM may rely on this information without any further verification.

I authorize RACM to furnish such information and any other credit experience with the applicant(s) to others and to answer any questions about the applicant’s credit experience and other financial relationships with RACM.

I agree to notify RACM, in writing, of any changes that materially affect the accuracy of this statement.

Signed: _____ Date: _____

Print or Type Name: _____

Title: _____

Appendix A: Evaluation of Applications

Applicants are encouraged to include additional information that supports how their project meets and exceeds the following threshold requirements and allocations guidelines.

Threshold Requirements: A project must meet the following basic threshold requirements.

1. The project must meet the Federal criteria (see Internal Revenue Code 1400I), which includes:
 - The project must be new construction or substantial rehabilitation of commercial property located within Milwaukee's RC; and
 - Applicants must be taxpaying entities (non-profits, churches and the like cannot utilize or sell the use of this deduction).
2. The project must meet a readiness to proceed threshold in order to ensure that the CRD allocation will be used in a timely way. Indicators of readiness could include:
 - Likelihood project will be placed in service within 24-months;
 - Evidence that project financing is in place to fund new construction or substantial rehabilitation;
 - Approved plans or building permit issued by City of Milwaukee in hand;
 - Signed leases for commercial rental space;
 - Market feasibility of the project;
 - The capacity of the applicant to undertake the project; and/or
 - The overall financial health of the applicant.
3. The project is in compliance with current City of Milwaukee neighborhood and redevelopment plans.
4. The proposed project presents no negative impact on the Renewal Community.
5. All project partners, both individuals and entities, must be current on City of Milwaukee property taxes and State and Federal taxes and in good standing with the Department of Neighborhood Services.

CRD Allocations Guidelines:

In addition to evaluating whether a project meets the threshold requirements, RACM may evaluate the following indicators of the project's impact:

- Jobs created or retained, level of wages, removal of blight/brownfields, catalyst for other development, increasing the tax base, benefits and training opportunities provided by the applicant and/or tenants, local ownership, use of DBEs in construction and suppliers, among other indicators.
- RACM may also consider the industry type of an application and may give priority to applicants and/or tenants from targeted industries such as the high technology sector and industry clusters targeted through the Initiative for a Competitive Inner Cities (manufacturing, construction/development, financial services, and health services).
- RACM will consider the level the project is receiving other public assistance (tax exempt financing, community development tax credits, tech zone tax credits, MEDC financing, TIF, grants and the like). Those projects demanding too much public assistance would be looked upon less favorably.

CRD Evaluation Procedure:

Applications received by the October 15, 2009 deadline will be evaluated based on the threshold requirements and the allocation guidelines stated in the application. Allocation amount recommendations are based on the number of eligible applications, the amount of the allocation request, and the allocation amount available.

Allocation recommendations will be presented to the CRD Committee in early December. Any changes based on the Committee meeting will be incorporated into a final presentation to the Redevelopment Authority of the City of Milwaukee (RACM). As the Milwaukee agency authorized to allocate up to \$12 million of Commercial Revitalization Deductions on an annual basis, a resolution stating the specific projects and CRD allocation awards must be approved by the RACM Board at their December meeting.

Following RACM's approval, an award or denial letter will be sent to each applicant on December 31, 2009.